

Board Members:

Phil Squire- Chair

Mayor Grantham-
Vice Chair

Gary Bezaire

Shawn Lewis

Hadleigh McAlister

Cara Awcock

Kathleen Savoy

Gregory Thompson

Sara Piñeros Castaño

LMCH Leadership

Paul Chisholm, CEO

Sara De Candido, COO

John Krill,
Director, Asset
Renewal

Dirk Volschenk,
Manager of Human
Resources

Tsitsi Muyambo,
Director of Finance and
Corporate Services

PUBLIC AGENDA

**LONDON & MIDDLESEX COMMUNITY HOUSING
(LMCH)**

Board of Directors Meeting

**Board Meeting Room
1299 Oxford St. E
London, Ontario, N6E 0C1**

Thursday, May 28, 2026

5:30 PM – 8:00 PM

Item	Lead	Time
1. Call to Order	P. Squire	5:30
2. Recognition of Indigenous Peoples and Lands Statement	P. Squire	
3. Completion and Acceptance of Agenda	P. Squire	
4. Disclosure of Interest	P. Squire	
5. Approval of Minutes of Previous Meetings a. April 16, 2026	P. Squire	
6. Communications:		
7. Delegations None		
8. Consent Agenda Items: None		
9. Reports and Business a) Staff Report 2026-16 2025 Audited Financial Statements b) Staff Report 2026-17 Capital Projects Q1 2026 Report c) Staff Report 2026- 18 Construction Contract Award – Commissioners' Retaining Wall Rebuild d) Staff Report 2026-19 1299 Lease Renewal e) <u>FAR Reports for Information</u> I. FAR-2026-16 Q1 Financials II. FAR- 2026- 17 Q1KPIs III. FAR-2026- 18 Director Asset Renewal Q1 2026 Report IV. FAR- 2026- 20 CMHC Q1 2026 Report V. FAR-2026- 21 Reimagine Phase 1 Q1 2026 Report VI. FAR-2026-22 Reimagine Phase 2 Q1 2026 Report f) Staff Report 2026-20 2025 Annual Report	P. Chisholm J. Krill J. Krill P. Chisholm G. Thompson P. Chisholm	
10) In-Camera: None		
12) New Business/ Enquiries: None	P. Squire	
13) Meeting Adjournment	P. Squire	8:00pm

Recognition of Indigenous Peoples and Lands Statement

London & Middlesex Community Housing provides housing on the traditional lands of the Anishinaabek (AUh-nish-in-ah-bek), Haudenosaunee (Ho-den-no-show-nee), Lūnaapéewak (Len-ah-pay-wuk) and Attawandaron (Adda-won-da-run).

We acknowledge the local First Nations communities in this area, the territory of the Chippewa (CHIP-I-WAA) of the Thames, the Oneida (OH-NY-DUH) of the Thames, and the Muncey (m-UH-n-s-ee) Delaware Nation.

We honour and respect the history, languages and culture of the diverse Indigenous people who call this territory home. Today, the City of London & Middlesex County is home to many First Nations, Métis and Inuit people. We are grateful to have the opportunity to work and live in this territory.



BOARD OF DIRECTORS PUBLIC MEETING MINUTES

April 16, 2026, at 5:30 p.m.

London & Middlesex Community Housing
Boardroom, 955 Southdale Rd. W, London, Ontario, Canada

Board Members in Attendance:

Phil Squire, Board Chair

Mayor Grantham, Vice Chair

Gary Bezaire

Kathleen Savoy

Gregory Thompson

Cara Awcock

Senior Leadership in Attendance:

Paul Chisholm, CEO

Sara De Candid, COO

John Krill, Director of Asset Renewal

Regrets

Hadleigh McAlister

Shawn Lewis

** Virtual Attendance via Zoom*

1. Call to Order	Board Chair called the meeting to order at 5:31 p.m.
2. Recognition of Indigenous Peoples and Lands	Board Chair provided the recognition address at 5:31 p.m. <i>We would like to begin by acknowledging the treaty territory of the Anishnaabeg, which is defined within the pre-confederation treaty know as the London Township Treaty of 1796. Throughout time, this region has also become the current home to the Haudenosaunee and Lenni-Lenape Nations.</i>
3. Completion and Acceptance of the Agenda	MOTION to RECEIVE the Agenda, MOVED by C. Awcock, seconded by G. Thompson, ALL in Favour PASSED at 5:33 PM

4. Disclosures of Interest	The Board Chair called for conflict-of-interest declarations with respect to the agenda. 5:33 p.m.
5. Approval of Board Meeting Minutes	Regarding the Board Meeting Minutes of February 19, 2026 MOVED by G. Thompson, seconded by Mayor Grantham, that the Minutes BE ACCEPTED and APPROVED , item CARRIED at 5:32 pm
6. Communications	None
7. Delegations	None
8. Consent Items	None
<p>9. Reports and Business</p> <p>a) Staff Report 2026-09 LMCH Purchase Authorization Limits</p> <p>b) Staff Report 2026-10 Multi-site Electrical Construction Contract Award</p> <p>c) Staff Report 2026-11 Project 2025-CMHC-02 Budget</p>	<p>Report overview given by P. Chisholm</p> <ul style="list-style-type: none"> • Review of the report and the threshold for staff to approve expenditures. • CEO approval limit reduced to \$120k <p>MOTION to APPROVE the Report, MOVED by C. Awcock, seconded by G. Thompson, PASSED at 5:35 PM</p> <p>Report overview given by J. Krill The FAR Chair spoke to the discussion and approval of the FAR committee</p> <p>MOTION to APPROVE the Report, MOVED by G. Bezaire, seconded by G. Thompson, PASSED at 5:37 pm</p> <p>Report overview given by J. Krill</p> <p>Review of the increase and are in the process of reviewing RFP submissions.</p> <p>MOTION to APPROVE the Report, MOVED by G. Thompson, seconded by Mayor Grantham, PASSED at 5:40 pm.</p>



<p>d) FAR Reports for Information</p>	<p>Reports overview given by FAR Committee Chair</p> <ul style="list-style-type: none">• Higher rent revenues and expenditures reviewed• Cleaning and Pest Control are coming in higher than the budget <p>Discussion on Reimagine Southdale mortgage and stabilization period, and interest shown on the operating statement. This will come out of operating revenue.</p> <p>MOTION to RECEIVE the Report for Information, MOVED by G. Thompson, seconded by C. Awcock, PASSED 5:42 PM.</p>
<p>e) Staff Report 2026- 12 Health and Safety and WHVSH Policies</p>	<p>MOTION to APPROVE the report, MOVED by C. Awcock, seconded by G. Thompson, PASSED 5:44 pm</p>
<p>f) Staff Report 2026- 13 Smoke Free Workplace Policy</p>	<p>MOTION to APPROVE the report, MOVED by C. Awcock, seconded by K. Savoy, PASSED 5:45 pm.</p>
<p>g) Staff Report 2026-14 LMCH Accessibility Report</p>	<p>Report overview given by S. De Candido</p> <ul style="list-style-type: none">• Approval of a multi-year accessibility plan for 5 years. <p>MOTION to APPROVE the report, MOVED by K. Savoy, seconded by G. Thompson, PASSED 5:55 pm.</p> <p>Discussion around grants for AODA and CHMC Funding investments into accessible units.</p> <ul style="list-style-type: none">- Accessibility requirements, do they differ between private and public organizations-Private sector accessibility standards are driven by building code; CMCH guidelines exceed the building code accessibility standard. Moving forward, we will establish different standards for CMCH buildings and non-CMCH building standards.

<p>h) PSH Committee Reports for Information</p>	<p>Report overview given by Board Chair</p> <ul style="list-style-type: none"> • Wharnccliffe Community office set to open in May. • Reimagine Southdale 90% occupied • Pest infestation rate is down to 10% , the 2026 target has not been established • The custodian program has been launched, and cleanliness targets have been set. <p>MOTION to RECEIVE the reports for Information, MOVED by Mayor Grantham, seconded by G. Bezaire, PASSED 6:20 pm.</p> <p>Discussion around the CSU staff safety and guidelines.</p> <ul style="list-style-type: none"> - PSH Chair would like to see details on the use of force SOP's in an upcoming Board Report. Training, SOP, so the Board has a more complete picture of the CSU Team program & policies. - CSU team is very positive, often leading to positive outcomes - Expectations of the CSU reviewed - Communication with LPS having an office space at LMCH
<p>i) Staff Report 2026-15 Director Reappointments</p>	<p>Report overview given by P. Chisholm</p> <ul style="list-style-type: none"> • Review of Board terms that are expiring, and reappointment of G. Bezaire & C. Awcock. <p>MOTION to APPROVE the Reappointment, MOVED by G. Thompson, seconded by Mayor Grantham. PASSED 6:22 pm.</p>
<p>10. IN CAMERA</p>	<p>MOTION to MOVE In Camera, MOVED by, C. Awcock, seconded by G. Thompson, PASSED 6:32 PM</p> <p>MOTION to MOVE back into Public Session, MOVED by PASSED</p>
<p>12. New Business 241 Simcoe Fire Verbal Update</p>	<p>Agenda Amended to add an update. MOVED by G. Thompson, seconded by C. Awcock, PASSED at 6:24 pm.</p> <p>MOTION to RECEIVE the report for information, MOVED by K. Savoy, seconded by G. Thompson, PASSED 6:31 pm.</p>

	<ul style="list-style-type: none"> • Details around the fire, emergency services responses, and the LMCH staff role. • Remediation work started within 4 hours of LFD and returned the building to us. • Status update on tenant wellbeing and partner supports • Ongoing repairs, system repairs, and engineering assessments overview given.
<p>13. MEETING ADJOURNMENT</p>	<p>MOTION to ADJOURN, ALL in Favour PASSED at 6: 42pm</p>

Phil Squire, Chair

Paul Chisholm, CEO

**2025 Audited Financial Statements
STAFF REPORT -2026- 16**

TO: LMCH Board of Directors
FROM: Paul Chisholm, Chief Executive Officer
SUBJECT: 2025 Audited Financial Statements
DATE: May 21, 2026

PURPOSE:

To present the Draft Audited 2025 Financial Statements and Audit Findings Report to the LMCH Board of Directors, and to receive approval of these statements.

RECOMMENDATION:

That the Board of Directors:

1. **RECEIVE** and **APPROVE** the attached 2025 Audited Financial Statements.

BACKGROUND:

LMCH is subject to an annual external financial audit, in accordance with Canadian Public Sector Accounting Standards (PSAS), which KPMG undertakes as part of the City of London's annual financial audit. As the City of London is the sole shareholder of LMCH, the audited results are consolidated into the City of London's financial results for the year. With assistance from the Finance group here at LMCH, KPMG completed the audit of 2025 results in early May 2026 without any complications or concerns.

AUDIT FINDINGS:

All audit procedures were completed as planned, with only a few misstatements and a few recommendations for improvements to internal controls, with no other significant findings identified during the audit. In the opinion of KPMG, the financial statements are in accordance with Canadian PSAS and present fairly the financial position of LMCH as of December 31, 2025, in all material respects (Appendix A - Draft AFR 2025).

There are presentation differences between the external financial statements and LMCH’s internal financial statements that are used to determine our surplus or deficit reported to the City of London. Per the audited financial statements, LMCH reported an annual surplus of \$20,390,999 for 2025 compared to the previously reported surplus of \$16,283,874 in 2024. Refer to Appendix B, 2025 Financial Statements Comparison with Operations Statement, and Appendix C, 2025 Draft Audited Financial Statements.

The major difference between the external and internal financial statements is the treatment of capital assets. Internally, capital assets are defined as spending incurred on approved capital projects that are funded through the City of London’s capital project allotment, or alternative sources of capital funding such as Public Housing Major Upgrades, Infrastructure Gap, CMHC, and CMHC Co-Investment. Externally, capital assets are determined based on specific criteria set out by the Canadian Public Sector Accounting Board (PSAB) that are assessed on an asset-by-asset basis. LMCH internally reports operating spending and capital spending separately, whereas the external financial statements include both capital spending and amortization on the assets within the statement of operations.

The external financial audit completed by KPMG resulted in the following audit opinion as per the Independent Auditors’ Report and will be forwarded to the City of London for consolidation purposes:

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of December 31, 2025, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

ATTACHMENTS:

Appendix A: Draft AFR 2025

Appendix B: 2025 Financial Statements Comparison with Q4 Statement of Operations

Appendix C: 2025 Draft Audited Financial Statements

SIGNATURE:

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
JEFF WHITESELL, CPA CA FRACTIONAL CHIEF FINANCE OFFICER	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

London & Middlesex Community Housing Inc.

Audit Findings Report
for the year ending
December 31, 2025

KPMG LLP

Prepared as of May 14, 2026 for presentation to the Finance, Audit and Risk
Management Committee on May 19, 2026

kpmg.ca/audit

KPMG contacts

Key contacts in connection with this engagement



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Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

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10	Misstatements	12	Control deficiencies	14	Audit Quality	17	Independence
18	Appendices						



Audit highlights



No matters to report



Matters to report – see link for details

Status

We have completed the audit of the financial statements (“financial statements”), with the exception of certain remaining outstanding procedures, which are highlighted on the ‘Status’ slide of this report.



Risks and results & Significant unusual transactions

Significant risks

- Risk of material misstatement due to fraud resulting from management override of controls

Other risks of material misstatement

Going concern matters

Significant unusual transactions

Policies and practices

Accounting policies and practices

Other financial reporting matters

Materiality

Materiality has been based on current year’s total expenses (\$40,100,000).

Materiality	\$1,000,000
Performance Materiality	\$750,000
Audit Misstatement Posting Threshold	\$50,000

Misstatements - Corrected

Corrected and uncorrected misstatements

Control deficiencies

Control deficiencies

Audit Quality

Learn more about how we deliver audit quality.

Independence

Annual Statement of Compliance

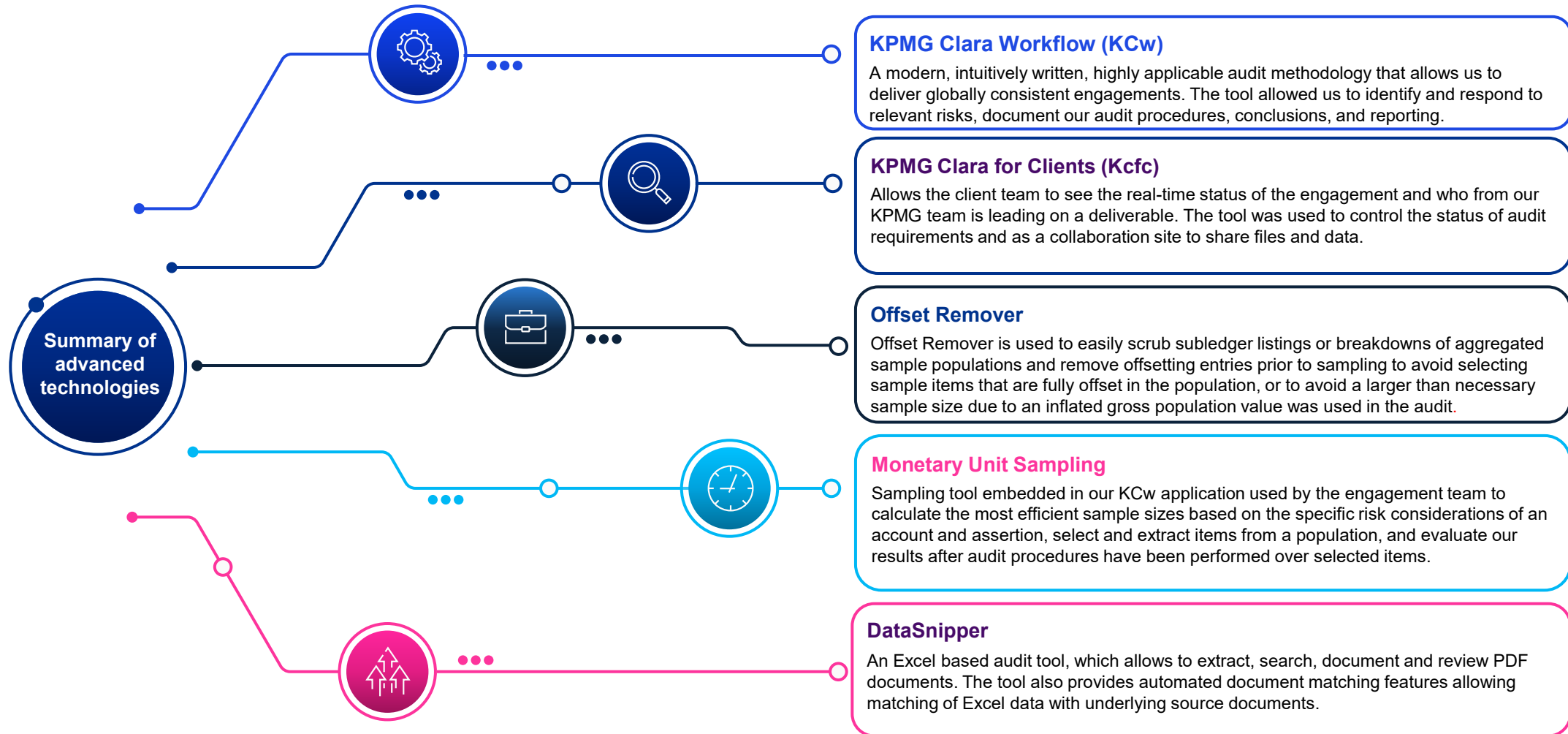


The purpose of this report is to assist you, as a member of the Finance, Audit and Risk Management Committee, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management, the Finance Audit and Risk Management Committee and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Technology highlights

As previously communicated in our audit planning report, we have utilized technology to enhance the quality and effectiveness of the audit.





Status

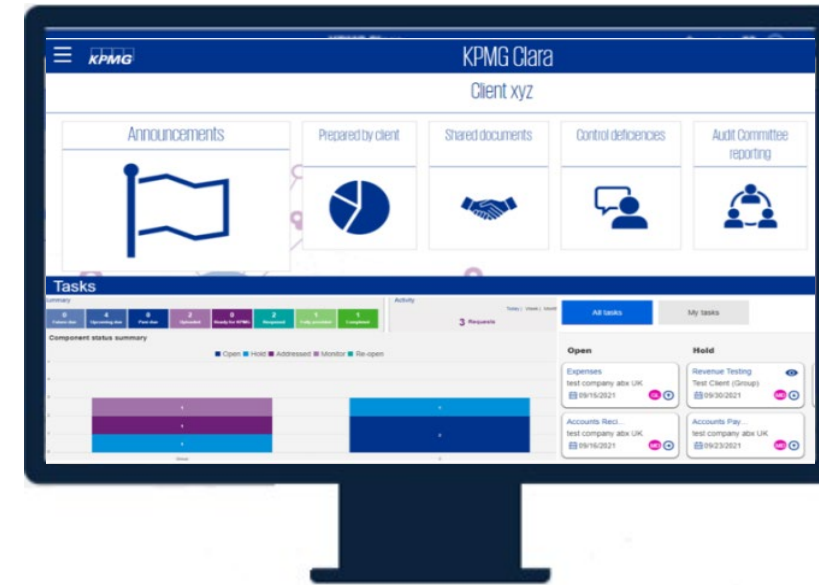
As of May 12, 2026, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include:

- Final Partner and manager review of audit file and documentation,
- Reconciliation and review of the related party confirmation from the City of London
- Receipt and review of Management Inquires document
- Receipt of support for TCA samples
- Receipt of support for the payroll reconciliation certain reconciling items
- Receipt of and reconciliation the approved 2025 budget to the financial statements
- Receipt and review of support for certain notes disclosures in the financial statements
- Completing our discussions with the Finance, Audit and Risk Management Committee
- Obtaining evidence of the Board of Director's approval of the financial statements
- Receipt of the signed management representation letter

We will update the Finance, Audit and Risk Management Committee, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

A draft of our auditor's report is provided in Appendix: Draft Auditor's Report.

KPMG Clara for Clients (KCC)



Real-time collaboration and transparency

We leveraged **KCC** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCC to coordinate requests with management.





Significant risks and results

We highlight our significant findings in respect of **significant risks**.



Fraud Risk: Management override of controls

RISK OF

FRAUD

Significant risk	Estimate?	Why is this important?
<p>The risk of material misstatement due to fraud resulting from management override of controls is a presumed risk for all entities under Canadian Auditing Standards (“CAS”). We have not identified any specific areas which highlight this risk over the course of our audit.</p>	No	<p>Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities</p>

Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.

Findings

As a result of procedure performed up to the date of this report, we have identified a significant control deficiency over journal entry approval, refer to the Control deficiencies section for additional details. Other than that no other significant issues have been identified.



Significant accounting policies and practices



Initial selection of significant accounting policies and practices

There were no new significant accounting policies and practices selected during the period.



Description of new or revised significant accounting policies and practices

There were no revised accounting policies during the year.



Significant qualitative aspects

Discussion about qualitative aspects of significant accounting policies and practices

- *Evaluation & Conclusion:* Our judgments about the quality, not just the acceptability, of LMCH's significant accounting policies as applied in its financial reporting, including such matters as the consistency of the Entity's accounting policies
- *Appropriateness:* No matters to report.
- *Management bias:* No matters to report.
- *Estimates:* No matters to report.
- *Effect on the financial statements or disclosures:* No matters to report.



Other financial reporting matters

We also highlight the following:



Financial statement presentation - form, arrangement, and content



The presentation and disclosure included in the financial statements is in accordance with the required standards as disclosed in the notes to the financial statements.



Concerns regarding application of new accounting pronouncements



No matters to report.



Significant qualitative aspects of financial statement presentation and disclosure



No additional matters relating to the LMCH's financial statement presentation and disclosure have been identified.



Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements



Impact of corrected misstatement

- During our testing over tangible capital assets- construction in progress transfers, we identified that the capitalization of the Phase 1 Reimagine Southdale Project was not completely recorded as a result of certain costs being expensed in a prior period. This led to an understatement of the total costs recorded and capitalized for the project. As a result, KPMG proposed an adjusting entry to appropriately capitalize and depreciate these costs, which was subsequently recorded by management. Given that the corrected misstatement represents an out of period adjustment. It resulted in the current year “building, general” expense being understated by \$841K, which remains uncorrected in the F2025 financial statements. However, KPMG notes that the ending capital assets and accumulated surplus balances are correct as currently presented in the financial statements.
- During our testing of prepaid assets, we identified that a prior-period correcting entry was incorrectly reversed in the current year, resulting in an overstatement of tangible capital assets and prepaid assets. An adjusting entry was proposed to reverse the incorrect entry.
- KPMG noted that certain prior-year accruals related to tangible capital assets and buildings, as well as general expenses, had not been reversed and that actual costs were recorded in the current year. As a result, these amounts were duplicated in the related accounts. KPMG proposed an audit adjustment to reverse the prior-year accruals, which management subsequently recorded.
- During our unrecorded liabilities procedures, we identified an invoice related to Phase 2 of the Reimagine Southdale Project- December 2025 progress billing that was recorded in the subsequent year. An adjusting entry was proposed to record the invoice as tangible capital assets- construction in progress with a corresponding accrual under accounts payable and accrued liabilities caption in the statement of financial position.
- Through procedures completed over Cash, we noted that there were three separate bank accounts under LMCH’s control that were not recorded in the main general ledger. These separate bank accounts are restricted for the three properties that LMCH is managing on behalf of others. As a result, KPMG proposed an entry to record the restricted cash and corresponding liability in the Statement of Financial Position which was subsequently recorded by management.
- See the Management Representation Letter in the Appendix for a listing of misstatements.



Uncorrected misstatements

Uncorrected misstatements include financial presentation and disclosure omissions. As required by professional standards, we request these misstatements be corrected.



Impact of uncorrected misstatements – Not material to the financial statements

- The management representation letter includes the Summary of Uncorrected Misstatements, which discloses the impact of all uncorrected misstatements considered to be other than clearly trivial
- Based on both qualitative and quantitative considerations, management have decided not to correct certain misstatements and represented to us that the misstatements —individually and in the aggregate—are, in their judgment, not material to the financial statements. This management representation is included in the management representation letter.
- We concur with management's representation that the uncorrected misstatements are not material to the financial statements. Accordingly, the uncorrected misstatements have no effect on our auditor's report.

Description of uncorrected misstatement

- Through testing performed over capital assets, KPMG identified amounts expensed in a prior period that should have been capitalized as part of the Phase 1 Reimagine Southdale Project. This was corrected through an entry to capitalize those costs and reversing the incorrect expense which had been recorded in prior years. (Refer to corrected misstatements slide). This correcting entry resulted in the current year building, general expense being understated by \$841k, which remains uncorrected in the F2025 financial statements.

Below is a summary of the impact of the uncorrected misstatement:

Annual surplus	(in \$'000s)	Total assets	(in \$'000s)
As currently presented	\$18,923	As currently presented	\$129,991
Uncorrected misstatements	(\$841)	Uncorrected misstatements	\$0
As a % of the balance	5%	As a % of the balance	0%



Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.



Control deficiencies

Significant deficiencies in internal control over financial reporting:

Name	Description	Potential effects	Performance improvement point
Review of manual journal entries	Journal Entries below \$10,000 are not subject to review. In addition, journal entries processed by the finance manager are not subject to a second level review.	Management Override of Controls	This increases the risk of fraudulent or incorrect journal entries being posted. Management to document review of manual journal entries and to implement Director of Finance formally documented review of journal entries posted by Finance Manager.

Control deficiencies in internal control over financial reporting:

Name	Description	Potential effects	Performance improvement point
Review of appropriateness of transactions	Insufficient management review over TCA Capitalizations to ensure expenses are recorded to the appropriate accounts.	Audit misstatements	<ul style="list-style-type: none"> - Routine management review procedures over expenses recorded throughout the year and not limiting the review to year end. This will ensure transactions are recorded in the appropriate accounts in accordance with PSAS and reduce capitalization errors associated with the volume of completing the review once per year. - The organization does not have an accounting module for tangible capital assets. Given the significance and the volume of transactions that flow through tangible capital assets, tracking all these transactions in a manual manner, is extremely time consuming, and may be open to human error. Investing in a tangible capital assets module would enhance the accuracy and efficiency of asset tracking and recording, in addition to reducing the likelihood of classification and capitalization errors.
Review of appropriateness of financial statements	Insufficient management review of top side entries posted directly to the financial statements.	Audit misstatements	Top side entries posted directly to the financial statements should be clearly reconciled to the financial statement caption to provide a clear audit trail for management review.



Our commitment to delivering audit quality

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.

KPMG is committed to fulfilling our public interest role in providing robust assurance that can benefit investors and other stakeholders.

Businesses are integrating technology in ways once unimaginable. Geopolitical changes and inflationary pressures continue to drive uncertainty, and businesses need to take action to respond to societal threats like climate change.

The pace and scale of change only strengthens our resolve to ensure the quality, consistency and adaptability of our services are fit for this new future. Audit and assurance quality remains the highest priority at KPMG.

Through sustained innovation, we aim to consistently deliver superior audit quality. Across the global organization:

- KPMG firms have implemented a consistent risk-based approach to our system of quality management to drive audit and assurance quality, enabling us to meet the requirements of the International Standard on Quality Management 1 (ISQM 1).
- We are utilising powerful technologies on audit and assurance engagements, including artificial intelligence, and leveraging our alliances with technology leaders such as Microsoft to further enhance quality and provide even more value through deeper analysis of businesses, no matter their size.
- We believe the same level of rigour, quality, consistency and trust that is applied to financial statement information by companies should also apply to ESG reporting. Therefore, across the global organization we have deployed an assurance methodology, KPMG Clara workflow and learning tools to upskill and build teams to provide assurance on ESG reporting that helps our clients build a more sustainable future.

We encourage you to read our Transparency Report to learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:



[KPMG Canada Transparency Report](#)



How do we deliver audit quality?

Quality essentially means doing the right thing and remains our highest priority. We have strengthened the consistency and robustness of our system of quality management to meet the requirements of ISQM 1 (CSQM 1), issued by the International Audit and Assurance Standards Board. Foundational for quality management, KPMG's globally consistent approach to ISQM 1 drives compliance with the standard and our efforts to strengthen trust and transparency with clients, the capital markets and the public we serve.

Aligned with ISQM 1 (CSQM 1), our SoQM meets the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements.

Our **Global Quality Framework** outlines how we deliver quality and how every KPMG professional contributes to its delivery.



'**Perform quality engagements**' sits at the core, along with our commitment to continually monitor and remediate to fulfil our quality drivers.



Our **quality value drivers** are the cornerstones to our approach underpinned by the **supporting drivers** and give clear direction to encourage the right behaviours in delivering audit quality.



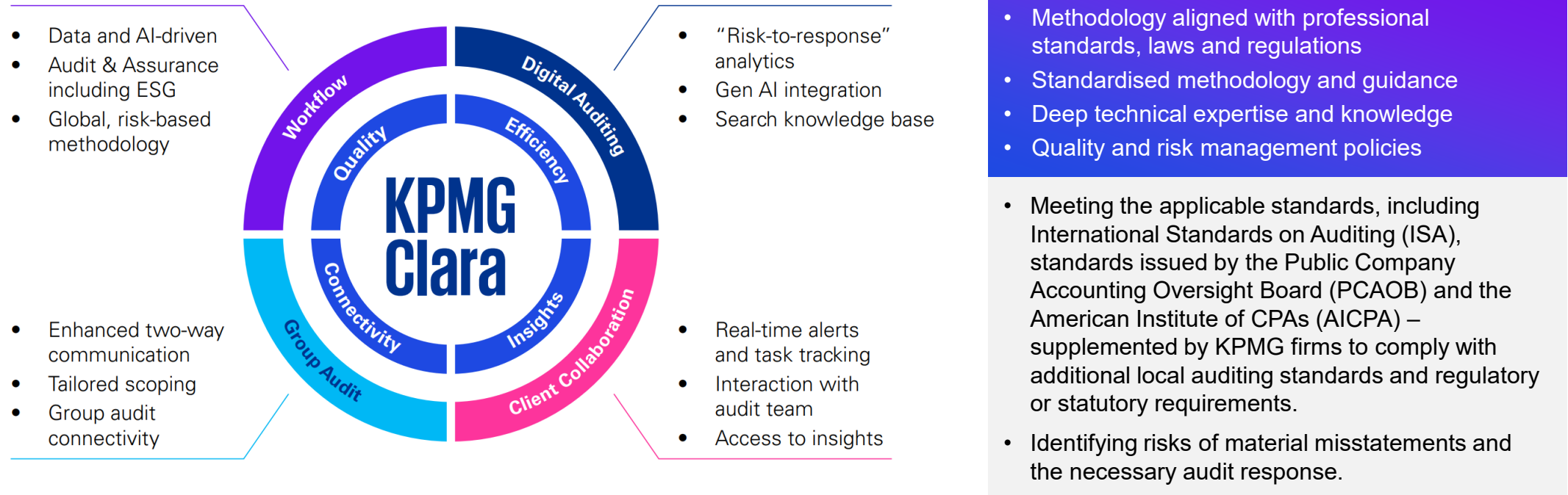
Doing the right thing. Always.



The KPMG Audit

Globally consistent audit and assurance methodology and tools

As a scalable, intuitive cloud-based platform, KPMG Clara is driving globally consistent execution across all KPMG member firms. It enables delivery of KPMG audit and assurance methodologies through data-enabled workflows, which align with the applicable audit and assurance standards and provide an improved experience to audit and assurance professionals.





Independence

As a firm, we are committed to being and being seen to be independent. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA code”) that are relevant to audits of financial statements of reporting issuers or listed entities; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA independence rules”) that are relevant to audits of financial statements of public interest entities.

The following processes and procedures have been established by the firm to ensure independence is maintained:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of Compliance

We confirm that, as of the date of this communication, **we are in compliance** with relevant ethical requirements regarding independence in Canada.



Appendices



Required communications



Draft Audit Report



Management Rep Letter



Current Developments



Insights



Technology





Appendix A: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the City's Audit Committee



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2024 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2025 Interim Inspections Results](#)



Appendix B: Draft auditor's report

Financial Statements of

**LONDON & MIDDLESEX
COMMUNITY HOUSING INC.**

And Independent Auditor's Report thereon

Year ended December 31, 2025

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of London & Middlesex Community Housing Inc.

Opinion

We have audited the financial statements of London & Middlesex Community Housing Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

(date)

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets		
Cash	\$ 965,528	\$ 4,200,161
Restricted cash	1,648,428	810,510
Accounts receivable (note 3)	3,706,420	4,120,264
Due from The Corporation of the City of London	3,084,384	2,427,477
	<u>9,404,760</u>	<u>11,558,412</u>
Financial Liabilities		
Accounts payable and accrued liabilities	8,695,242	11,372,484
Cash held in trust	1,648,428	810,510
Tenant advances	1,097,658	1,006,808
Unearned miscellaneous revenue	75,744	81,454
Asset retirement obligation (note 12)	37,311,898	37,450,756
CMHC Loan (note 8)	12,500,212	7,608,304
	<u>61,329,182</u>	<u>58,330,316</u>
Net debt	(51,924,421)	(46,771,904)
Non-Financial Assets		
Tangible capital assets (note 7)	122,092,253	96,655,166
Prepaid expenses	1,357,173	1,250,744
	<u>123,449,426</u>	<u>97,905,910</u>
Commitments (note 5)		
Accumulated surplus (note 10)	\$ 71,525,005	\$ 51,134,006

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget	2025 Actual	2024 Actual
Revenue:			
Rental revenue	\$ 14,404,026	\$ 15,079,506	\$ 14,335,923
The Corporation of the City of London:			
Capital funding	–	21,286,162	18,814,122
Rental subsidy	18,857,064	18,857,064	14,220,288
CMHC revenue (note 8)	–	3,264,704	3,053,910
Business Case 19	–	–	2,046,000
Business Case 22	–	–	515,000
Other	421,865	584,526	645,811
	<u>33,682,955</u>	<u>59,071,962</u>	<u>53,631,054</u>
Expenses:			
Salaries, wages and employee benefits	10,640,324	10,335,589	8,888,768
Maintenance, materials and services:			
Building, general	5,405,460	6,135,696	6,985,619
Grounds	1,533,655	1,962,854	1,402,912
Painting	400,654	361,118	503,699
Other	321,378	192,742	205,513
	<u>7,661,147</u>	<u>8,652,410</u>	<u>9,097,743</u>
Utilities:			
Electricity	1,991,210	2,249,720	2,024,131
Water	1,735,181	1,724,675	1,682,376
Natural gas	1,380,000	1,261,685	1,262,861
	<u>5,106,391</u>	<u>5,236,080</u>	<u>4,969,368</u>
Amortization	–	4,211,797	3,097,816
Asset retirement obligation expense (recovery)	–	(138,858)	1,371,029
Property:			
Municipal taxes	6,269,382	6,189,255	5,842,854
Insurance	1,300,000	1,299,885	1,314,852
	<u>7,569,382</u>	<u>7,489,140</u>	<u>7,157,706</u>
Administration	3,041,175	2,894,805	2,764,750
Total expenses	<u>34,018,419</u>	<u>38,680,963</u>	<u>37,347,180</u>
Annual surplus (deficit)	(335,464)	20,390,999	16,283,874
Accumulated surplus, beginning of year	51,134,006	51,134,006	34,850,132
Accumulated surplus, end of year	<u>\$ 50,798,542</u>	<u>\$ 71,525,005</u>	<u>\$ 51,134,006</u>

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Changes in Net Debt

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget	2025 Actual	2024 Actual
Annual surplus (deficit)	\$ (355,464)	\$ 20,390,999	\$ 16,283,874
Acquisition of tangible capital assets	–	(29,648,884)	(26,141,270)
Amortization of tangible capital assets	–	4,211,797	3,097,816
	–	(25,437,087)	(23,043,454)
Acquisition of prepaid expenses	–	(1,357,173)	(1,250,744)
Use of prepaid expenses	–	1,250,744	1,266,636
	–	(106,429)	15,892
Change in net debt	(355,464)	(5,152,517)	(6,743,688)
Net debt, beginning of year	(46,771,904)	(46,771,904)	(40,028,216)
Net debt, end of year	\$ (47,127,368)	\$ (51,924,421)	\$ (46,771,904)

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 20,390,999	\$ 16,283,874
Items not involving cash:		
Amortization	4,211,797	3,097,816
Asset retirement obligation expense (recovery)	(138,858)	1,371,029
Changes in non-cash items:		
Accounts receivable	413,844	125,836
Prepaid expenses	(106,429)	15,892
Due from The Corporation of the City of London	(656,907)	368,762
Accounts payable and accrued liabilities	(2,677,243)	4,041,024
Cash held in trust	837,918	266,275
Tenant advances	90,850	49,974
Unearned miscellaneous revenue	(5,710)	(3,082)
Asset retirement obligation	–	(236,693)
	22,360,261	25,380,707
Capital activities:		
Acquisition of tangible capital assets	(29,648,884)	(26,141,270)
Financing activities:		
Issuance of CMHC loan	4,975,532	4,738,351
Repayment of CMHC loan	(83,624)	(24,649)
Net increase (decrease) in cash	(2,396,715)	3,953,139
Cash, beginning of year	5,010,671	1,057,532
Cash, end of year	\$ 2,613,956	\$ 5,010,671
Cash consists of:		
Cash	\$ 965,528	\$ 4,200,161
Restricted cash	1,648,428	810,510
	\$ 2,613,956	\$ 5,010,671

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements

Year ended December 31, 2025

1. Incorporation:

London & Middlesex Community Housing Inc. (the Corporation) operates housing accommodation primarily for people of low and moderate income. The Corporation operates 3,326 units throughout The City of London and the County of Middlesex and is 100% owned by The Corporation of the City of London.

2. Significant accounting policies:

The financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

(a) Tangible capital assets:

- (i) Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Site improvements	25 - 30
Buildings and improvements	25 - 40
Technology and communications	3
Vehicles	10
Furniture and fixtures	10
Machinery and equipment	25
Appliances	10

One half-year's amortization is charged in the year of acquisition.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset.
- Past transactions or events giving rise to liability have occurred.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(a) Tangible capital assets (continued):

(i) (continued):

- it is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the removal of asbestos and other hazardous materials in the buildings owned by the Corporation has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note.

In addition, the corporation's implementation of PS3280 *Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(ii) Contributions of capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

(b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned.

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and the valuation allowances for receivables and the asset retirement obligation. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(d) Budget data:

Budget Figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(e) Pension contributions:

The Corporation has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Corporation's costs are the contributions due to the plan for the period.

(f) Contaminated sites:

Under PS 3260, *Liability for Contaminated Sites*, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organisms that exceed the environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(g) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash, accounts receivable, CMHC loan, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Amortized cost is measured using the effective interest rate method, as opposed to the straight-line method.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Accounts receivable:

Accounts receivable recorded on the statement of financial position are composed of the following:

	2025	2024
Rent	\$ 1,418,532	\$ 1,417,269
Allowance for doubtful accounts	(442,852)	(614,269)
Harmonized Sales Tax	1,247,533	1,297,304
LMCH Accounts Receivable	1,223,367	1,860,354
Sundry	259,840	159,606
	<u>\$ 3,706,420</u>	<u>\$ 4,120,264</u>

4. Income producing properties:

The income producing properties held by the London & Middlesex Housing Authority and passed through to the Corporation were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership the province did not transfer responsibility for repayment of these debentures. Accordingly, the value of the provincial debentures associated with them have not been recorded on the Corporation's financial statements.

5. Commitments:

(a) Contractual obligations:

The Corporation is committed to the following minimum annual operating lease payments for premises and equipment:

2026	\$ 384,413
2027	387,225
2028	387,225
2029	387,255
2030	387,255
Thereafter	161,356

6. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Pension agreement (continued):

In 2025 contribution rates are 9.0% for employee earnings below the years maximum pensionable earnings and 14.6% thereafter. Employee contributions match these rates. Contributions to OMERS by the Corporation are recognized as an expense in the period they are incurred. A total of \$714,085 was incurred as pension expense in 2025 (2024 - \$633,708).

The last available report for the OMERS plan was on December 31, 2025. At that time, the plan reported a \$1.4 billion actuarial deficit (2024 - \$2.9 billion), based on actuarial liabilities for \$151.4 billion (2024 - \$142.5 billion) and actuarial assets for \$150.0 billion (2024 - \$139.6 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

7. Tangible capital assets:

Cost	Balance at December 31, 2024	2025 Additions	2025 Disposals	Balance at December 31, 2025
Land	\$ 24,605,751	\$ –	\$ –	\$ 24,605,751
Site improvements	8,562,387	2,506,397	–	11,068,785
Buildings and improvements	157,193,112	32,118,707	–	189,311,817
Technology and communications	1,530,888	500,085	–	2,030,973
Vehicles	70,684	–	–	70,684
Furniture and fixtures	250,382	96,498	–	346,880
Machinery and equipment	5,684,454	2,536,183	–	8,220,637
Appliances	2,833,957	374,071	–	3,208,028
Construction in progress	14,841,342	17,327,497	(25,810,551)	6,358,287
Total	\$ 215,572,957	\$ 55,459,437	\$ (25,810,551)	\$ 245,221,841

Accumulated amortization	Balance at December 31, 2024	2025 Amortization	2025 Disposals	Balance at December 31, 2025
Land	\$ –	\$ –	\$ –	\$ –
Site improvements	2,435,978	294,636	–	2,730,614
Buildings and improvements	110,293,581	3,429,724	–	113,723,305
Technology and communications	1,476,606	76,242	–	1,552,848
Vehicles	49,416	2,239	–	51,655
Furniture and fixtures	151,687	25,500	–	177,187
Machinery and equipment	2,374,390	247,071	–	2,621,461
Appliances	2,136,133	136,386	–	2,272,519
Construction in progress	–	–	–	–
Total	\$ 118,917,791	\$ 4,211,797	\$ –	\$ 123,129,589

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Tangible capital assets (continued):

	Net book value December 31, 2024	Net book value December 31, 2025
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	6,126,409	8,338,170
Buildings and improvements	46,899,531	75,588,511
Technology and communications	54,282	478,125
Vehicles	21,268	19,029
Furniture and fixtures	98,695	169,692
Machinery and equipment	3,310,064	5,599,178
Appliances	697,824	935,509
Construction in progress	14,841,342	6,358,287
Total	\$ 96,655,166	\$ 122,092,253

8. CMHC credit agreement:

On November 25, 2021, together with the City of London as a guarantor, LMCH entered a ten-year credit agreement with Canada Mortgage and Housing Corporation (CMHC) to finance repairs and renewal of designated housing units at thirteen sites owned and operated by LMCH. Under the agreement, LMCH will make quarterly drawdowns up to a maximum of \$40,136,090. LMCH plans to draw the full amount by the end of 2027, 39% of the loan will be forgivable. LMCH will be receiving funds in seven Tranches each with its specific interest rate. The first Loan Facility was received on December 9, 2021, with the applicable interest rate for a Repayable Loan of 1.84% for the first tranche, second tranche was received in 2022 bearing interest of 3.01%, third tranche was received in 2024 bearing interest of 3.44% and the fourth tranche was received in 2025 bearing interest of 3.48%. The CMHC funding is allocated to three areas: Energy efficiency, Accessibility and Property Repairs & Renewals. LMCH has an option to extend the term of any of the repayable loans for an additional ten years. Currently the intention is to pay each tranche back to CMHC after the first ten years and waive the option to extend.

	2025	2024
Repayable Loan Tranche 1	\$ 55,185	\$ 56,255
Repayable Loan Tranche 2	4,272,025	4,330,084
Repayable Loan Tranche 3	6,266,970	3,221,965
Repayable Loan Tranche 4	1,906,032	-
	\$ 12,500,212	\$ 7,608,304

Forgivable loans in the amount of \$3,181,078 (2024 - \$3,029,369) were received during the year and were reflected as CMHC revenue on the statement of operations. Should the Corporation not meet certain requirements throughout the term of the loans they may be required to repay these amounts.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Capital allotment:

An approved capital allotment is managed by the City of London to finance future capital expenditures. The allotment has not been recognized in these financial statements and will be accounted for as the funds are received and expensed.

	2025	2024
Opening balance	\$ 14,544,674	\$ 10,493,245
Contributions during the year	8,350,000	8,880,000
Capital expenditures	(5,072,547)	(4,828,571)
Closing balance	\$ 17,822,127	\$ 14,544,674

10. Accumulated surplus:

	2025	2024
Surplus:		
Business Case 18 Co-investment Funding	\$ 449,442	\$ 449,442
CHMC loan	(12,500,212)	(7,608,304)
Invested in tangible capital assets	122,092,253	96,655,166
Asset retirement obligation	(37,311,898)	(37,450,756)
Other	(1,204,580)	(911,542)
	\$ 71,525,005	\$ 51,134,006

11. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims is not determinable at this point and as such no amount has been included in these financial statements.

12. Asset retirement obligations:

The Corporation has recorded an asset retirement obligation as of January 1, 2023, implementation date on a modified retroactive basis, with a restatement of prior year amounts.

As of December 31, 2025, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

12. Asset retirement obligations (continued):

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

	2025	2024
Liabilities for asset retirement obligations, beginning of year	\$ 37,450,756	\$ 36,316,420
Additions - inflation remediations	–	1,371,029
Remediations	(138,858)	(236,693)
Liabilities for asset retirement obligations, end of year	\$ 37,311,898	\$ 37,450,756

13. Financial risks and concentration risks:

Risks arising from financial instruments and risk management:

The Corporation is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within twelve (12) months.

(c) Market risk:

The corporation's financial instruments consist of cash, accounts receivable, loans payable and accounts payable and accrued liabilities. It is the Corporation's opinion that it is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

14. Comparative information:

Certain comparatives information has been reclassified to conform to the financial statement presentation adopted in the current year.



Appendix C: Management representation letter

(Letterhead of Client)

KPMG LLP
1400-140 Fullarton Street
London, Ontario N6A 5P2
Canada

May XX, 2026

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the financial statements (hereinafter referred to as “financial statements”) of London & Middlesex Community Housing Inc. (“the Entity”) as at and for the period ended December 31, 2025.

General:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in [Attachment I](#) to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Responsibilities:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated January 1, 2023, subsequently amended on March 26, 2026 including for:
 - the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - providing you with all information of which we are aware that is relevant to the preparation of the financial statements (“relevant information”), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - providing you with unrestricted access to such relevant information.
 - providing you with complete responses to all enquiries made by you during the engagement.
 - providing you with additional information that you may request from us for the purpose of the engagement.
 - providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
 - such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

- ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

Internal control over financial reporting:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

Fraud & non-compliance with laws and regulations:

- 3) We have disclosed to you:
- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - others where such fraud or suspected fraud could have a material effect on the financial statements.
 - all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, short sellers, or others.
 - all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.
 - all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Subsequent events:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

Related parties:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

Estimates:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

Misstatements:

- 9) We approve the corrected misstatements identified by you during the audit described in Attachment II

- 10) The effects of the uncorrected misstatements described in Attachment II are immaterial, both individually and in aggregate, to the financial statements as a whole.

Going concern:

- 11) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 12) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Non-SEC registrants or non-reporting issuers:

- 13) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 14) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

Yours very truly,

Jeff Whitesell, Director of Finance and Corporate Services

Paul Chisolm, Chief Executive Officer

Attachment I – Definitions

Materiality

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Fraud & error

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II – Summary of Audit Misstatements and Schedules

Summary of Corrected Audit Misstatements

	Income effect	Financial position		
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Equity (Decrease) Increase
To accrue the unrecorded liability relating to Reimagine Southdale Phase 2	-	884,465	884,465	-
To reverse transactions inappropriately included under prepaid to their appropriate accounts under TCA- construction in progress		(911,543) 911,543		
To reverse prior year accrual in TCA- construction in progress and building, general expense	555,850	(555,850)		
To record the capitalization of WIP additions previously expensed and to record the depreciation expense on the additions to TCA	(19,426)	841,450 (19,426)		
To record restricted cash and related liability to account for cash restricted for three properties managed by LMCH on behalf of other organizations		1,492,903	1,492,903	
Total corrected misstatements	36,424	2,649,542	2,377,368	-

Summary of Uncorrected Audit Misstatements

	Income effect	Financial position		
Description	(Decrease) Increase	Assets (Decrease) Increase	Liabilities (Decrease) Increase	Equity (Decrease) Increase
To capitalize capital expenses to WIP that were previously expensed in a prior period	(841,450)	-	-	-
Total Uncorrected misstatements	(841,450)	-	-	-



Appendix D: Current developments

Accounting standards

Conceptual Framework for Financial Reporting in the Public Sector

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.
- The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Financial Statement Presentation

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*.
- The proposed section includes the following:
 - Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
 - Separating liabilities into financial liabilities and non-financial liabilities.
 - Restructuring the statement of financial position to present total assets followed by total liabilities.
 - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
 - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
 - A new provision whereby an entity can use an amended budget in certain circumstances.
 - Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Example of a Typical Implementation Approach

Phase 1

- Understand the existing financial reporting processes.
- Examine chart of accounts and trial balance.
- Review accounting policy.
- Gap assessment and implementation plan.

Phase 2

- Data gathering and financial data analysis.
- Budget and performance reporting.
- System and software impacts.
- Implementation and compliance adjustments



Appendix D: Current developments (continued)

Accounting standards (continued)

Employee Benefits

Effective for years commencing on or after April 1, 2029 with early adoption permitted.

- The Public Sector Accounting Board has issued a new standard PS 3251 *Employee benefits* which will replace the current sections PS 3250 *Retirement benefits* and PS 3255 *Post-employment benefits, compensated absences and termination benefits*.
- The standard uses principles from International Public Sector Accounting Standard 39 *Employee benefits* as a basis for the Canadian standard.
- The standard results in public sector entities recognizing the impact of revaluations of the net defined benefit liability (asset) immediately on the statement of financial position.
- The standard also requires that fully funded post-employment benefit plans use a discount rate based on the expected market-based return of plan assets and underfunded plans use a discount rate based on the market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument. A simplified approach to determining a plan's funding status is provided.
- The standard also requires that:
 - Deferral provisions – Remeasurement gains and losses are presented as part of accumulated remeasurement gains and losses.
 - Valuation of plan assets – Upon adoption, public sector entities may continue to recognize non-transferable financial instruments balances that meet the definition of plan assets under existing PS 3250 guidance. This transitional provision does not permit the recognition of additional amount after adoption that do not meet the revised definition of plan assets.
 - Joint defined benefit plans – Defined benefit accounting is used for measurement of the proportionate share of the plan, instead of previously proposed multi-employer plan accounting which permitted accounting based on defined contribution concepts where insufficient information exists to use defined benefit accounting.
 - Disclosure of other long-term employee benefits and termination benefits – The standard does not include prescriptive disclosure requirements for other long-term employee benefits and termination benefits.
- The standard's guidance will be applied retroactively, with or without prior period restatement.



Appendix D: Current developments (continued)

Accounting standards (continued)

Intangible Assets

Proposed to be effective for years commencing on or after April 1, 2030 with early adoption permitted.

- The Public Sector Accounting Standards Board has issued proposed new standard PS 3155 *Intangible Assets* which would replace Public Sector Guideline 8 *Purchased Intangibles*.
- The standard will include foundational guidance on acquired and internally generated intangibles. It excludes intangible assets addressed in other public sector accounting standards and other intangible items such as exploration and extraction costs for non-renewable resources or intangible assets related to insurance contracts.
- The definition of “intangible assets” requires an intangible resource to be separate and identifiable from goodwill. It also requires that the entity has control over the intangible resource, future economic benefits flow from the intangible resource, and the intangible resource is the result of a past transaction and/or other events.
- Internally generated goodwill is not permitted to be recognized as an asset.
- An intangible resource is recognized when it meets the definition of an intangible asset and the asset’s cost can be measured in a faithfully representative way. The generation of the asset is classified into a research phase and a development phase. Expenditures from the research phase of an internally generated project are expensed. An intangible asset arising from the development phase can be recognized if it meets certain requirements.
- Intangible assets are initially measured at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired through a non-exchange transaction are measured at fair value as of the date it is acquired.

Cloud Computing Arrangements

- As part of its intangible assets project, the Public Sector Accounting Standards Board is also developing guidance on cloud computing arrangements. To ensure the development of this accounting guidance reflects current practices and needs, a survey was used to gather insights. The survey will inform the Public Sector Accounting Board about the types of cloud computing arrangements being encountered, magnitude of costs, key arrangement terms, current accounting policies and unique challenges in practice.



Appendix E: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Accelerate - The key issues driving the audit committee agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Sustainability Reporting

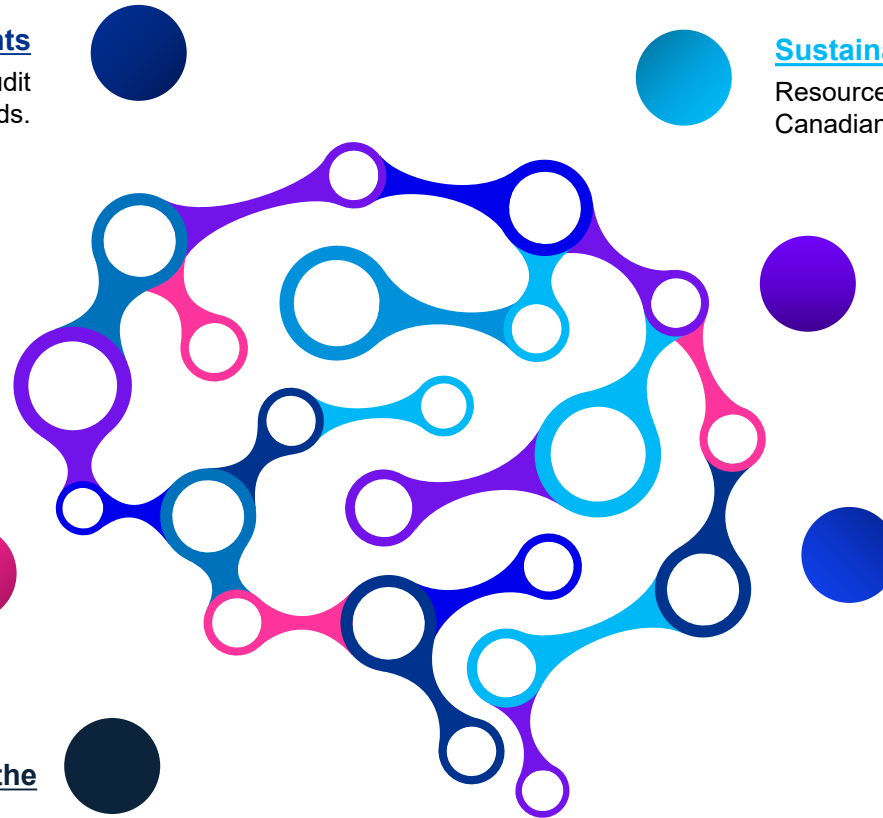
Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Audit Committee Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.





Appendix E: Thought leadership and insights

Half of Public Servants Turn to AI Raising Risks

KPMG survey finds public sector unready for AI, low literacy, need for digital sovereignty.

While less than a quarter (**22 per cent**) of Canadian public sector organizations have adopted artificial intelligence (AI), half of the public servants who use AI in their jobs rely on publicly available AI tools, exposing governments to potential risks including data privacy and security breaches, intellectual property theft and exposure to biased or inaccurate information that can lead to legal and ethical issues, finds a new KPMG in Canada research.

[Click here for more information](#)

Intelligent Government

The emergence of generative AI, alongside advanced autonomous and agentic systems, is transforming how government and the public sector innovate and operate. Our findings reveal an actionable blueprint for governments and organizations aiming to leverage AI's potential to drive efficiency, reduce time-to-market and improve patient outcomes. This report provides insights into how they can take a value-based approach to AI that helps to accelerate innovation, unlock new growth opportunities, and maximize the impact of their AI investments.

[Click here for more information](#)

KPMG 2025 Canadian CEO Outlook

Our 2025 CEO Outlook survey reveals a compelling paradox: Canadian CEOs are increasingly confident in the growth of their companies and industries, yet their optimism about the Canadian and global economies is waning.

Despite the evolving pressures, CEOs alike are proactively focusing on making their organizations more resilient to external shocks. They are not just reacting to changes, but are actively seeking ways to mitigate external risks, improve productivity and optimize revenue.

[Click here for more information](#)

Midyear Observations on the 2025 Board Agenda

Disruption, volatility, and uncertainty aren't new operating conditions by any means. But the assumptions that have long driven corporate thinking - the role of government, geopolitical norms, and consistency in US policies as administrations change, and the speed of technological advances—are being upended. Few business leaders have experienced the scope, complexity, and combination of issues companies are facing today—and many will earn their stripes in the months ahead.

[Click here for more information](#)

Accelerate

The Canadian business landscape is experiencing profound interconnected geopolitical, technological and sustainability challenges which are causing compound impacts on the balance sheet. The audit committee's role in stewarding their organization towards increased productivity, resilience, and growth has never been more essential.

Our *Accelerate* series strives to provide audit committees with actionable insights and clear guidance for navigating through these interconnected challenges.

[Click here for more information](#)



Appendix F: Continuous evolution

Our investment:

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

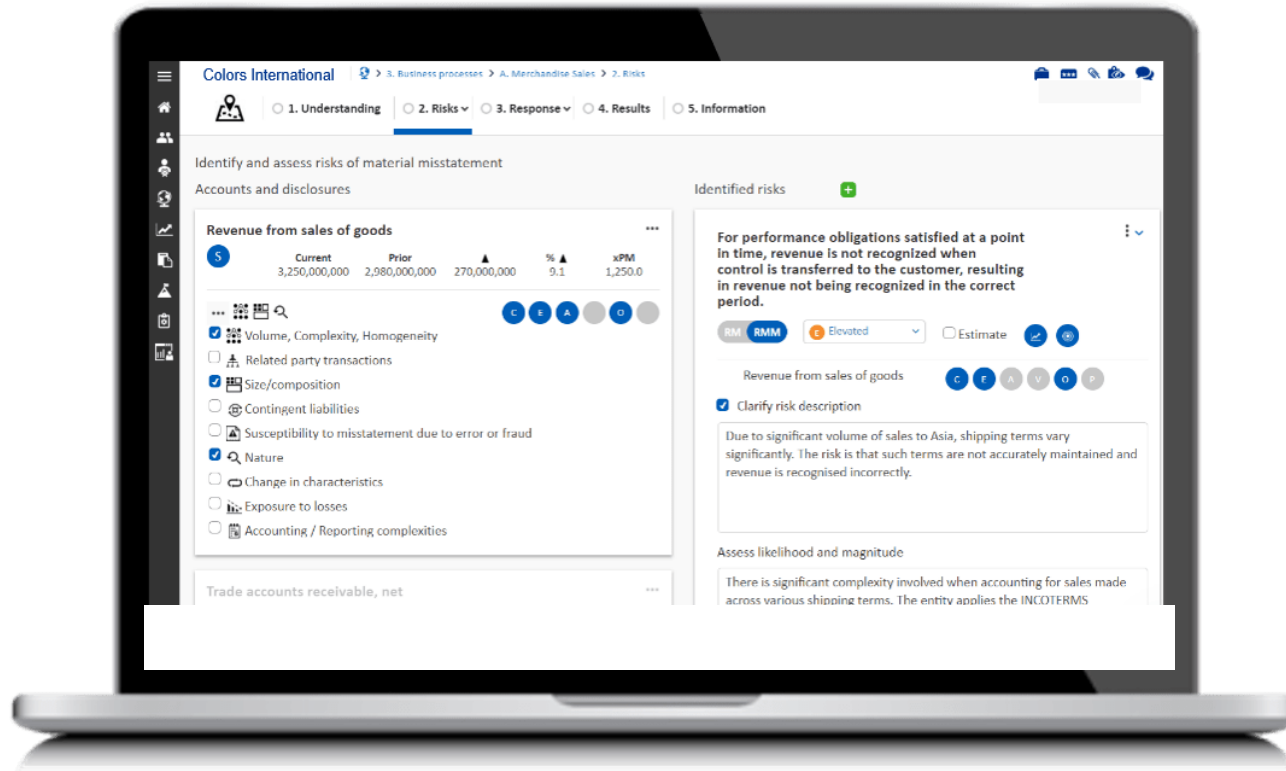
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





Appendix F: KPMG Clara Generative AI

With our global alliance partner Microsoft, we have embarked on a journey to embed Generative AI into our smart audit platform—KPMG Clara. This will make our auditors more productive and give them the tools to provide quicker feedback, make more insightful connections, and deliver a better audit experience.



AI done right

Although early adoption is key, we are focused on avoiding reliance on a 'black box' so we're building 'explainability' and 'traceability' at the core.



Bolstered productivity

Focused on removing time-consuming low value tasks, we'll apply our skills in other, more judgmental areas or in order to give insights to you.



Quality at our fingertips

We are teaching our model with our knowledge databases to capture our vast experience. This means quality information accessible in seconds.



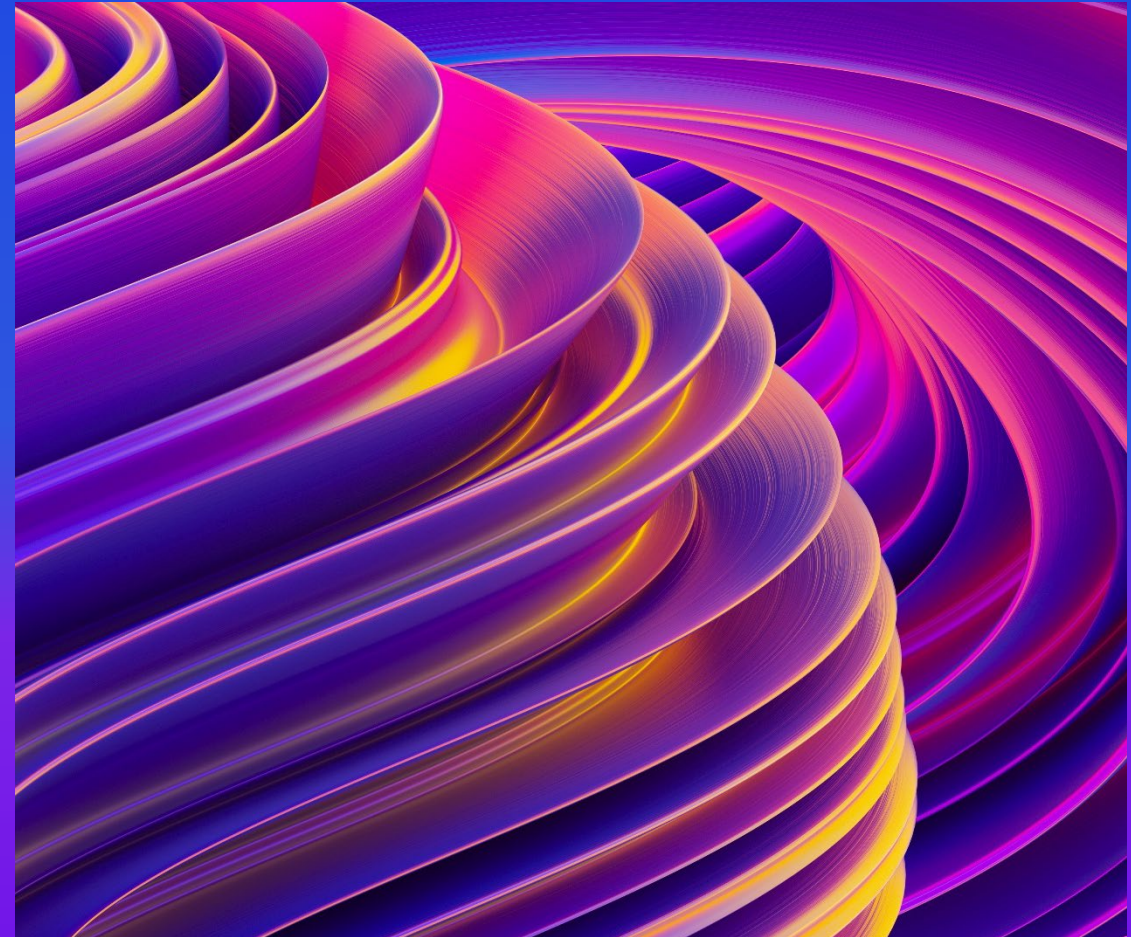
Secure integration

KPMG Clara has been built on a solid and secure Azure Cloud backbone, allowing us to easily integrate Generative AI in partnership with Microsoft.



<https://kpmg.com/ca/en/home.html>

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Appendix B: 2025 Audited Financial Statements vs. Q4 Statement of Operations

	Q4 Statement of Operations - March 6, 2025	Capital Funding & Amortization	PSAS vs. Internal Capitalization Policy	Asset Retirement Obligation	Bad Debt	Reclassifications						Audited Statements of Operations (KPMG)
						Reclassification for FS reporting	2023 Capital Expense	Extraordinary Losses	Funding Adjustment	Reclass from Capital	CMHC Capitalized Labour Cost	
	Notes:	1	2	3	4	5	6	7	8	9	10	
Revenue:												
Rental Revenue	15,079,506											15,079,506
The Corporation of City of London												
Rental Subsidy	18,857,064											18,857,064
Funding Adjustment (Surplus/Deficit)												0
Business Case 19												0
Business Case 22												0
Capital funding		21,286,162										21,286,162
CMHC revenue		3,264,704										3,264,704
Other	208,797				383,979				(8,250)			584,526
	34,145,367	24,550,866	0		383,979	0	0	0	(8,250)	0	0	59,071,962
Expenditures:												
Salaries	10,015,218										320,371	10,335,589
Tenant Services	860,272					(860,272)						0
Maintenance, materials and services	7,565,243		(256,367)			987,955	(841,490)	272,779		924,290		8,652,410
Utilities	5,236,080											5,236,080
Asset Retirement Obligation				(138,858)								(138,858)
Amortization		4,211,797										4,211,797
Property	7,489,140											7,489,140
Administration	2,698,386		(59,877)		383,979	(127,683)						2,894,805
	33,864,339	4,211,797	(316,244)	(138,858)	383,979	0	(841,490)	272,779	0	924,290	320,371	38,680,963
Extraordinary Losses	272,779							(272,779)				0
Net Surplus (Deficit)	8,249	20,339,069	316,244	138,858	0	0	841,490	0	(8,250)	(924,290)	(320,371)	20,390,999

Explanations for Changes:

- 1 - Added Capital Funding, and associated Amortization expenses; these adjustments are done prior to finalization of audited statements.
- 2 - Allocation of capital expenditures; these adjustments are done prior to finalization of audited statements.
- 3 - Changes to Asset Retirement Obligation (ARO) balance compared to prior year
- 4 - Reclassification of the Net Bad Debt expense to Rent Revenue.
- 5 - Reclassification of expenditures to other FS categories for presentation purposes
- 6 - Capitalization of Southdale Costs that were expensed in 2023
- 7 - Reclassification of Extraordinary losses (Claims for Repairs under Insurable Deductible) to Operations expenses.
- 8 - Reclassification of the City of London funding adjustment
- 9 - Reclassification of expenditures from Capital Funds not meeting the accounting criteria for TCA Capitalization
- 10 - Adjustment for wages that were capitalized to reflect total wages for the year.

Financial Statements of

**LONDON & MIDDLESEX
COMMUNITY HOUSING INC.**

And Independent Auditor's Report thereon

Year ended December 31, 2025

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of London & Middlesex Community Housing Inc.

Opinion

We have audited the financial statements of London & Middlesex Community Housing Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations, its change in net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

(date)

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets		
Cash	\$ 965,528	\$ 4,200,161
Restricted cash	1,648,428	810,510
Accounts receivable (note 3)	3,706,420	4,120,264
Due from The Corporation of the City of London	3,084,384	2,427,477
	<u>9,404,760</u>	<u>11,558,412</u>
Financial Liabilities		
Accounts payable and accrued liabilities	8,695,242	11,372,484
Cash held in trust	1,648,428	810,510
Tenant advances	1,097,658	1,006,808
Unearned miscellaneous revenue	75,744	81,454
Asset retirement obligation (note 12)	37,311,898	37,450,756
CMHC Loan (note 8)	12,500,212	7,608,304
	<u>61,329,182</u>	<u>58,330,316</u>
Net debt	(51,924,421)	(46,771,904)
Non-Financial Assets		
Tangible capital assets (note 7)	122,092,253	96,655,166
Prepaid expenses	1,357,173	1,250,744
	<u>123,449,426</u>	<u>97,905,910</u>
Commitments (note 5)		
Accumulated surplus (note 10)	\$ 71,525,005	\$ 51,134,006

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget	2025 Actual	2024 Actual
Revenue:			
Rental revenue	\$ 14,404,026	\$ 15,079,506	\$ 14,335,923
The Corporation of the City of London:			
Capital funding	–	21,286,162	18,814,122
Rental subsidy	18,857,064	18,857,064	14,220,288
CMHC revenue (note 8)	–	3,264,704	3,053,910
Business Case 19	–	–	2,046,000
Business Case 22	–	–	515,000
Other	421,865	584,526	645,811
	<u>33,682,955</u>	<u>59,071,962</u>	<u>53,631,054</u>
Expenses:			
Salaries, wages and employee benefits	10,640,324	10,335,589	8,888,768
Maintenance, materials and services:			
Building, general	5,405,460	6,135,696	6,985,619
Grounds	1,533,655	1,962,854	1,402,912
Painting	400,654	361,118	503,699
Other	321,378	192,742	205,513
	<u>7,661,147</u>	<u>8,652,410</u>	<u>9,097,743</u>
Utilities:			
Electricity	1,991,210	2,249,720	2,024,131
Water	1,735,181	1,724,675	1,682,376
Natural gas	1,380,000	1,261,685	1,262,861
	<u>5,106,391</u>	<u>5,236,080</u>	<u>4,969,368</u>
Amortization	–	4,211,797	3,097,816
Asset retirement obligation expense (recovery)	–	(138,858)	1,371,029
Property:			
Municipal taxes	6,269,382	6,189,255	5,842,854
Insurance	1,300,000	1,299,885	1,314,852
	<u>7,569,382</u>	<u>7,489,140</u>	<u>7,157,706</u>
Administration	3,041,175	2,894,805	2,764,750
Total expenses	<u>34,018,419</u>	<u>38,680,963</u>	<u>37,347,180</u>
Annual surplus (deficit)	(335,464)	20,390,999	16,283,874
Accumulated surplus, beginning of year	51,134,006	51,134,006	34,850,132
Accumulated surplus, end of year	<u>\$ 50,798,542</u>	<u>\$ 71,525,005</u>	<u>\$ 51,134,006</u>

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Changes in Net Debt

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget	2025 Actual	2024 Actual
Annual surplus (deficit)	\$ (355,464)	\$ 20,390,999	\$ 16,283,874
Acquisition of tangible capital assets	–	(29,648,884)	(26,141,270)
Amortization of tangible capital assets	–	4,211,797	3,097,816
	–	(25,437,087)	(23,043,454)
Acquisition of prepaid expenses	–	(1,357,173)	(1,250,744)
Use of prepaid expenses	–	1,250,744	1,266,636
	–	(106,429)	15,892
Change in net debt	(355,464)	(5,152,517)	(6,743,688)
Net debt, beginning of year	(46,771,904)	(46,771,904)	(40,028,216)
Net debt, end of year	\$ (47,127,368)	\$ (51,924,421)	\$ (46,771,904)

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 20,390,999	\$ 16,283,874
Items not involving cash:		
Amortization	4,211,797	3,097,816
Asset retirement obligation expense (recovery)	(138,858)	1,371,029
Changes in non-cash items:		
Accounts receivable	413,844	125,836
Prepaid expenses	(106,429)	15,892
Due from The Corporation of the City of London	(656,907)	368,762
Accounts payable and accrued liabilities	(2,677,243)	4,041,024
Cash held in trust	837,918	266,275
Tenant advances	90,850	49,974
Unearned miscellaneous revenue	(5,710)	(3,082)
Asset retirement obligation	–	(236,693)
	22,360,261	25,380,707
Capital activities:		
Acquisition of tangible capital assets	(29,648,884)	(26,141,270)
Financing activities:		
Issuance of CMHC loan	4,975,532	4,738,351
Repayment of CMHC loan	(83,624)	(24,649)
Net increase (decrease) in cash	(2,396,715)	3,953,139
Cash, beginning of year	5,010,671	1,057,532
Cash, end of year	\$ 2,613,956	\$ 5,010,671
Cash consists of:		
Cash	\$ 965,528	\$ 4,200,161
Restricted cash	1,648,428	810,510
	\$ 2,613,956	\$ 5,010,671

See accompanying notes to financial statements.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements

Year ended December 31, 2025

1. Incorporation:

London & Middlesex Community Housing Inc. (the Corporation) operates housing accommodation primarily for people of low and moderate income. The Corporation operates 3,326 units throughout The City of London and the County of Middlesex and is 100% owned by The Corporation of the City of London.

2. Significant accounting policies:

The financial statements of the Corporation are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant accounting policies adopted by the Corporation are as follows:

(a) Tangible capital assets:

- (i) Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Site improvements	25 - 30
Buildings and improvements	25 - 40
Technology and communications	3
Vehicles	10
Furniture and fixtures	10
Machinery and equipment	25
Appliances	10

One half-year's amortization is charged in the year of acquisition.

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset.
- Past transactions or events giving rise to liability have occurred.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(a) Tangible capital assets (continued):

(i) (continued):

- it is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

A liability for the removal of asbestos and other hazardous materials in the buildings owned by the Corporation has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note.

In addition, the corporation's implementation of PS3280 *Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

(ii) Contributions of capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt.

(b) Revenue recognition:

Rental revenue is recognized at the time the service is provided. Other revenues are recognized when the services are earned.

Government transfer payments are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying value of tangible capital assets and the valuation allowances for receivables and the asset retirement obligation. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Significant accounting policies (continued):

(d) Budget data:

Budget Figures have been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(e) Pension contributions:

The Corporation has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Corporation's costs are the contributions due to the plan for the period.

(f) Contaminated sites:

Under PS 3260, *Liability for Contaminated Sites*, contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic or radioactive material or live organisms that exceed the environmental standard. This standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

(g) Financial instruments:

Financial instruments are classified into three categories: fair value, amortized cost or cost. Portfolio investments reported at fair value consist of equity instruments, certain fixed income securities, and any other investments where the investments are managed and evaluated on a fair value basis and the fair value option is elected.

Other financial instruments, including cash, accounts receivable, CMHC loan, and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost or amortized cost, net of any provisions for impairment.

Amortized cost is measured using the effective interest rate method, as opposed to the straight-line method.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

3. Accounts receivable:

Accounts receivable recorded on the statement of financial position are composed of the following:

	2025	2024
Rent	\$ 1,418,532	\$ 1,417,269
Allowance for doubtful accounts	(442,852)	(614,269)
Harmonized Sales Tax	1,247,533	1,297,304
LMCH Accounts Receivable	1,223,367	1,860,354
Sundry	259,840	159,606
	<u>\$ 3,706,420</u>	<u>\$ 4,120,264</u>

4. Income producing properties:

The income producing properties held by the London & Middlesex Housing Authority and passed through to the Corporation were originally financed by the Province of Ontario through general obligation provincial debentures. At the time of the transfer of ownership the province did not transfer responsibility for repayment of these debentures. Accordingly, the value of the provincial debentures associated with them have not been recorded on the Corporation's financial statements.

5. Commitments:

(a) Contractual obligations:

The Corporation is committed to the following minimum annual operating lease payments for premises and equipment:

2026	\$ 384,413
2027	387,225
2028	387,225
2029	387,255
2030	387,255
Thereafter	161,356

6. Pension agreement:

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer plan, on behalf of its employees. The plan is a defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Pension agreement (continued):

In 2025 contribution rates are 9.0% for employee earnings below the years maximum pensionable earnings and 14.6% thereafter. Employee contributions match these rates. Contributions to OMERS by the Corporation are recognized as an expense in the period they are incurred. A total of \$714,085 was incurred as pension expense in 2025 (2024 - \$633,708).

The last available report for the OMERS plan was on December 31, 2025. At that time, the plan reported a \$1.4 billion actuarial deficit (2024 - \$2.9 billion), based on actuarial liabilities for \$151.4 billion (2024 - \$142.5 billion) and actuarial assets for \$150.0 billion (2024 - \$139.6 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

7. Tangible capital assets:

Cost	Balance at December 31, 2024	2025 Additions	2025 Disposals	Balance at December 31, 2025
Land	\$ 24,605,751	\$ –	\$ –	\$ 24,605,751
Site improvements	8,562,387	2,506,397	–	11,068,785
Buildings and improvements	157,193,112	32,118,707	–	189,311,817
Technology and communications	1,530,888	500,085	–	2,030,973
Vehicles	70,684	–	–	70,684
Furniture and fixtures	250,382	96,498	–	346,880
Machinery and equipment	5,684,454	2,536,183	–	8,220,637
Appliances	2,833,957	374,071	–	3,208,028
Construction in progress	14,841,342	17,327,497	(25,810,551)	6,358,287
Total	\$ 215,572,957	\$ 55,459,437	\$ (25,810,551)	\$ 245,221,841

Accumulated amortization	Balance at December 31, 2024	2025 Amortization	2025 Disposals	Balance at December 31, 2025
Land	\$ –	\$ –	\$ –	\$ –
Site improvements	2,435,978	294,636	–	2,730,614
Buildings and improvements	110,293,581	3,429,724	–	113,723,305
Technology and communications	1,476,606	76,242	–	1,552,848
Vehicles	49,416	2,239	–	51,655
Furniture and fixtures	151,687	25,500	–	177,187
Machinery and equipment	2,374,390	247,071	–	2,621,461
Appliances	2,136,133	136,386	–	2,272,519
Construction in progress	–	–	–	–
Total	\$ 118,917,791	\$ 4,211,797	\$ –	\$ 123,129,589

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Tangible capital assets (continued):

	Net book value December 31, 2024	Net book value December 31, 2025
Land	\$ 24,605,751	\$ 24,605,751
Site improvements	6,126,409	8,338,170
Buildings and improvements	46,899,531	75,588,511
Technology and communications	54,282	478,125
Vehicles	21,268	19,029
Furniture and fixtures	98,695	169,692
Machinery and equipment	3,310,064	5,599,178
Appliances	697,824	935,509
Construction in progress	14,841,342	6,358,287
Total	\$ 96,655,166	\$ 122,092,253

8. CMHC credit agreement:

On November 25, 2021, together with the City of London as a guarantor, LMCH entered a ten-year credit agreement with Canada Mortgage and Housing Corporation (CMHC) to finance repairs and renewal of designated housing units at thirteen sites owned and operated by LMCH. Under the agreement, LMCH will make quarterly drawdowns up to a maximum of \$40,136,090. LMCH plans to draw the full amount by the end of 2027, 39% of the loan will be forgivable. LMCH will be receiving funds in seven Tranches each with its specific interest rate. The first Loan Facility was received on December 9, 2021, with the applicable interest rate for a Repayable Loan of 1.84% for the first tranche, second tranche was received in 2022 bearing interest of 3.01%, third tranche was received in 2024 bearing interest of 3.44% and the fourth tranche was received in 2025 bearing interest of 3.48%. The CMHC funding is allocated to three areas: Energy efficiency, Accessibility and Property Repairs & Renewals. LMCH has an option to extend the term of any of the repayable loans for an additional ten years. Currently the intention is to pay each tranche back to CMHC after the first ten years and waive the option to extend.

	2025	2024
Repayable Loan Tranche 1	\$ 55,185	\$ 56,255
Repayable Loan Tranche 2	4,272,025	4,330,084
Repayable Loan Tranche 3	6,266,970	3,221,965
Repayable Loan Tranche 4	1,906,032	-
	\$ 12,500,212	\$ 7,608,304

Forgivable loans in the amount of \$3,181,078 (2024 - \$3,029,369) were received during the year and were reflected as CMHC revenue on the statement of operations. Should the Corporation not meet certain requirements throughout the term of the loans they may be required to repay these amounts.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Capital allotment:

An approved capital allotment is managed by the City of London to finance future capital expenditures. The allotment has not been recognized in these financial statements and will be accounted for as the funds are received and expensed.

	2025	2024
Opening balance	\$ 14,544,674	\$ 10,493,245
Contributions during the year	8,350,000	8,880,000
Capital expenditures	(5,072,547)	(4,828,571)
Closing balance	\$ 17,822,127	\$ 14,544,674

10. Accumulated surplus:

	2025	2024
Surplus:		
Business Case 18 Co-investment Funding	\$ 449,442	\$ 449,442
CHMC loan	(12,500,212)	(7,608,304)
Invested in tangible capital assets	122,092,253	96,655,166
Asset retirement obligation	(37,311,898)	(37,450,756)
Other	(1,204,580)	(911,542)
	\$ 71,525,005	\$ 51,134,006

11. Contingencies:

The Corporation is subject to certain actual and potential legal claims, which have arisen in the normal course of operations. It has been determined by management that the outcome of these claims is not determinable at this point and as such no amount has been included in these financial statements.

12. Asset retirement obligations:

The Corporation has recorded an asset retirement obligation as of January 1, 2023, implementation date on a modified retroactive basis, with a restatement of prior year amounts.

As of December 31, 2025, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

LONDON & MIDDLESEX COMMUNITY HOUSING INC.

Notes to Financial Statements (continued)

Year ended December 31, 2025

12. Asset retirement obligations (continued):

A reconciliation of the beginning and ending aggregate carrying amount of the asset retirement obligation liability is below:

	2025	2024
Liabilities for asset retirement obligations, beginning of year	\$ 37,450,756	\$ 36,316,420
Additions - inflation remediations	–	1,371,029
Remediations	(138,858)	(236,693)
Liabilities for asset retirement obligations, end of year	\$ 37,311,898	\$ 37,450,756

13. Financial risks and concentration risks:

Risks arising from financial instruments and risk management:

The Corporation is exposed to a variety of financial risks including credit risks, liquidity risk and market risk. The Corporation's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Corporation's financial performance.

(a) Credit risk:

The Corporation's principal financial assets that are subject to credit risk are cash and accounts receivable. The amounts of financial assets on the Statement of Financial Position represent the Corporation's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Corporation mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. Accounts payable and accrued liabilities are all current. There have been no significant changes from the previous year in the Corporation's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within twelve (12) months.

(c) Market risk:

The corporation's financial instruments consist of cash, accounts receivable, loans payable and accounts payable and accrued liabilities. It is the Corporation's opinion that it is not exposed to significant interest rate or currency risks arising from these financial instruments except as otherwise disclosed.

14. Comparative information:

Certain comparatives information has been reclassified to conform to the financial statement presentation adopted in the current year.

**Q1 2026 Capital Project Report
STAFF REPORT-2026-17**

TO: LMCH Board of Directors

FROM: John Krill, Director Asset Renewal

SUBJECT: Capital Projects – Q1 2026 Report

DATE: May 21, 2026

PURPOSE:

The purpose of this report is to inform the LMCH Board of Directors of the status of the organization's capital projects and provide highlights of the Capital Team's progress over the last quarter, while also requesting approval for specific budget actions and reallocations.

RECOMMENDATIONS:

That the LMCH Board of Directors **APPROVE** the following recommendations to be presented to the Board of Directors:

1. **RECEIVE** this report for information.
2. **APPROVE** the reallocation of \$195,119.32 to contingency from 4 projects that, in aggregate, closed below budget in Q1 2026 and as listed in Appendix A – Closed Projects in Q1 2026.
3. **APPROVE** the reallocation of a net total of \$481,710.42 to contingency across 8 projects, and the distribution of \$1,963,355.02 in Canada-Ontario Community Housing Initiative (COCHI) source funding across 4 projects as shown in Appendix B – COCHI Displaced Funding.
4. **APPROVE** the reallocation of \$170k from contingency to project 2022-0004-03 William Electrical Panel.
5. **APPROVE** a new capital project budget for Limberlost Fence Replacement, funded by a reallocation of \$140k from contingency.
6. **APPROVE** a new capital project budget for Simcoe Fire Restoration, funded – until insurance relief is sourced – by a reallocation of \$130k from contingency.
7. **APPROVE** a new capital project budget for Millbank Backyards Landscaping, funded by a reallocation of \$117k from contingency.
8. **APPROVE** the cancellation of project 2026-0014 McNay Boiler Replacement, returning \$350k to contingency, and a new capital project 2026-0013 Commissioners Boiler Replacement with a budget of \$350k.

9. **APPROVE** a \$180k Change Order (CO) to the contract for project 2025-0009-cochi Boullee Siding & Brick Repair COCHI.
10. **AUTHORIZE** LMHC staff to take the necessary steps to give effect to the above recommendations.

Recommendation #2:

A total of 4 projects – listed in Appendix A – were closed in Q1 2026 below budget, freeing up a net total of \$195,119.32, which is recommended for reallocation to contingency.

Recommendation #3:

A total of 5 projects – listed in Appendix B – were previously approved as funded via Public Housing Major Upgrades and/or Infrastructure Gap source funding. This funding has now been displaced by COCHI funding. As a result, a total of \$1,869,710.42 is available for reallocation to contingency. A total of 3 projects – listed in Appendix B – were previously approved as funded via COCHI source funding. This funding is now being directed (in part) towards Wharncliffe and Berkshire elevator modernization projects and the siding projects at Boullee and Penny Lane. As a result, a total of \$1,388,000 is required to be reallocated from contingency to the aforementioned 3 projects. Finally, a total of \$1,963,355.02 in COCHI source funding is recommended for distribution across the 4 projects as shown in Appendix B.

Recommendation #4:

The work to replace the main switchgear and distribution panels at William and to complete a short-circuit study of the electrical infrastructure on site was completed in March 2026 at a cost of \$198,351.01 on an approved 2022 budget amount of \$198,000. There is a record of only \$32,791 being allocated to project 2022-0004-03 at the time of approval in 2022, and the funding source was unknown at that time as well. Reallocation of \$170k from contingency to this project is required to correct and manage accounting of the source funding for the project as it moves to a closed status in Q1/27.

Recommendation #5:

This is a recommendation to fund a new capital project out of contingency at a value of \$140k to replace approximately 180m of existing chain link fence along the north property line – parallel to Gainsborough Road – of the Limberlost family site. The existing fence is in very poor condition and is an eyesore. This project will beautify the community's surrounding area and help to drive greater tenant satisfaction.

Recommendation #6:

This is a recommendation to fund a new capital project out of contingency at a value of \$130k to repair fire damage at Simcoe in units 1209 and 612, including extensive balcony repair caused by the fire at 612. The estimated repair costs are: \$65k unit 612, \$20k balcony at unit 612, and \$45k unit 1209. Creating separate project(s) to repair fire

damage at LMCH properties assists in tracking costs for subsequent reimbursement through insurance claim(s).

Recommendation #7:

This is a recommendation to fund a new capital project out of contingency at a value of \$117k to relandscape 5 townhome units' backyards at the Southdale family site. The 5 units are in a block of 6 units along Millbank Drive. The 6th unit within that block was the mockup-backyard unit used to model and tender landscaping (including new fencing, concrete patio, and sidewalks) for the block of townhome units adjacent to Reimagine Southdale Phase 1. Completing landscaping at the last block of townhome units' backyards at Southdale will provide a consistent and beautified exterior scape along all Millbank units and help to drive greater tenant satisfaction.

Recommendation #8:

Replacement of the Kent and McNay boilers at \$350k each was approved in the 2026 Capital Budget (presented for approval in Q4/25 as projects 2026-0013 and 2026-0014, respectively) and budgeted to be funded by Public Housing Major Upgrades and/or Infrastructure Gap source funding. Since then, it was decided to fund these boiler replacements via the CMHC repair and renew program as part of the CMHC Capital Budget Reset presented to the Board and approved in Q1/26. As a result, the previous source funding of \$350k set aside for the McNay boiler replacement is recommended to be returned to contingency, and the project number 2026-0014 is cancelled.

Towards the end of the last heating season, the boilers at Commissioners failed and were repaired using spare parts cannibalized from dormant boilers on site. This repair was adequate to ensure building heat for the remainder of the last heating season, but is not a long-term sustainable option. As a result, full replacement of the boilers at Commissioners is recommended at a budget of \$350k. It is recommended that the previously approved project 2026-0013 Kent Boiler Replacement be renamed 2026-0013 Commissioners Boiler Replacement, utilizing the same project number and source funding of \$350k.

Recommendation #9:

During construction mockup endeavors as part of the Boullee family site envelope/siding repair and replacement project, there was substantial evidence in favour of replacing fascia, soffits, eaves, and downspouts. These items are in poor condition, and more importantly, the way in which they were originally installed requires partial removal and reinstallation as the existing siding extends up and behind the existing soffit. Removal and reinstallation of these original components would result in a visually unpleasing envelope upon completion. It is therefore recommended that a \$180k CO to the original contract be approved to allow LMCH's contractor (Etko) to replace fascia, soffit, eaves, and downspouts at the entire Boullee family site. The current contract with Etko is for \$649k, and a CO of \$180k is greater than 20% of the

current contract value and therefore requires board approval to proceed – per LMCH’s Purchase Authorization Limits. The new contract value of \$829k, if approved, would be below the project 2025-0009-cochi budget of \$852k.

GENERAL BACKGROUND:

LMCH’s capital program addresses asset and infrastructure maintenance, renewal, and replacement in a way that enhances the condition and lifespan of our buildings as well as improves the functionality of spaces as much as possible. In all projects, the Capital Team attempts to minimize tenant impact during construction and renewal activities by working with Tenant Services and Property Services to improve the tenant experience during and after work is complete.

LMCH’s capital program is also designed to improve the tenant experience in a prudent financial manner while mitigating risk to tenant and public safety. To enhance the way in which the Capital Team delivers projects in a timely manner and within approved budget parameters, LMCH implemented the Project Management software within Yardi (Construction Module – CM) in 2022 as a system tool to track project expenditure, financial approval milestones, and project status, to name just a few of Yardi’s features. An important aspect of Yardi’s CM is populating it with enough project data (historical and current) to enable it to become a single source of truth and better align LMCH Capital Project Financial Reporting with the City of London’s Financial Reporting expectations. The following sections contain information and accompanying tables pulled from Yardi CM data.

Capital Project Status Review (Q1)

The following tables present project data as a result of continuing Capital Team efforts to utilize more Yardi features. As a reminder, please note the following Project Status definitions:

- Pending → Needs board approval
- Approved → Board approved
- Rejected → Board didn’t approve
- Cancelled → Was approved prior, but a decision was made not to proceed with the project at this time (requires Board approval to cancel)
- In progress → Project Manager is assigned
- Completed → Project Manager work is done; substantial completion certification
- Closed → holdback and invoices 100% paid; warranty period is over

Project Year:	20	21	22	23	24	25	26	Totals	All Capital Team Projects All Capital Team Projects (not including CMHC and Reimagine Southdale)
Project Year: Pending	20	21	22	23	24	25	26	0	
Status Approved								13	
Pending Rejected	0	0	0	0	0	0	0	0	
Approved									
Cancelled	0	0	1	0	0	0	0	1	
In-progress	0	3	0	2	3	4	3	13	
Completed	6	5	2	1	0	1	0	15	
Closed	3	7	2	4	5	0	0	17	
Totals	43	127	39	51	45	68	38	410	
Budgeted	\$ 4,080,765	\$ 43,357,440	\$ 5,531,052	\$ 9,580,772	\$ 9,348,254	\$ 10,684,139	\$ 11,389,000	\$ 93,971,422	Net Ongoing Projects* Total Budget (\$) Average Budget per Project (\$)**
Committed	\$ 3,547,888	\$ 33,461,075	\$ 6,423,725	\$ 4,383,050	\$ 5,015,528	\$ 3,579,839	\$ 1,689,442	\$ 28,931,278	Net Ongoing Projects* Total Budget (\$) Average Budget per Project (\$)**
Budgeted	\$ 4,080,765	\$ 43,357,440	\$ 5,531,052	\$ 9,580,772	\$ 9,348,254	\$ 10,684,139	\$ 11,389,000	\$ 93,971,422	Net Ongoing Projects* Total Budget (\$) Average Budget per Project (\$)**
Committed	\$ 3,547,888	\$ 33,461,075	\$ 6,423,725	\$ 4,383,050	\$ 5,015,528	\$ 3,579,839	\$ 1,689,442	\$ 28,931,278	Net Ongoing Projects* Total Budget (\$) Average Budget per Project (\$)**

Project Year:	20	21	22	23	24	25	26	Totals	All Capital Team Projects (not including Reimagine Southdale)
Status									
Pending	0	0	0	0	0	0	0	0	
Approved	0	1	0	0	0	0	8	4	
Rejected	1	0	0	0	0	0	0	1	
Cancelled	6	9	10	9	0	0	2	36	
In-progress	0	37	5	26	32	46	34	180	
Completed	1	6	2	12	8	12	0	41	
Closed	35	73	22	4	5	0	0	139	
Totals	43	126	39	51	45	68	38	410	
Budgeted	\$ 4,080,765	\$ 43,357,440	\$ 5,531,052	\$ 9,580,772	\$ 9,348,254	\$ 10,684,139	\$ 11,389,000	\$ 93,971,422	Net Ongoing Projects* Total Budget (\$) Average Budget per Project (\$)**
Committed	\$ 3,547,888	\$ 33,461,075	\$ 6,423,725	\$ 4,383,050	\$ 5,015,528	\$ 3,579,839	\$ 1,689,442	\$ 28,931,278	Net Ongoing Projects* Total Budget (\$) Average Budget per Project (\$)**

For information purposes, the projects currently showing as "In progress" in the tables above are listed in Appendix C by budget year and quantitatively summarized in the table below. Note this table includes "In progress" projects that are recommended for cancellation and will be removed from future FAR reporting once so approved.

Number of In-progress Projects by Budget Year

21	22	23	24	25	26
4	4	23	25	24	28

With respect to the tables above, note a few key updates compared to the previous quarter's reporting:

- Project status change details are summarised in Appendix D:
 - 7 projects were completed
 - 15 projects were closed
 - 5 projects were cancelled (as the Board approved in the previous quarter)
- Below is a summary graph of a total of 125 in-progress projects by type, excluding some items (e.g., jobs such as *Software Subscriptions*, or *Tenant Directed Funds*):



Q1 Capital Project Update

The following table outlines Q1 2026 capital project activities pertaining to:

- 5 contracts awarded (* 8 sites awarded to one contractor via 1 CCDC contract)
- 7+ tenders issued
- 2 substantial completions achieved

Contracts Awarded	Tenders Issued	Substantial Completion Achieved
* Simcoe – Heating Panel and Generator replacement	872 William St. Generator Replacement	Albert Laundry Room Relocation
* 345 Wharncliffe – Main Electrical Room and Distribution Panels replacement	170 Kent St. Boiler replacements (Consultant)	345 Wharncliffe – Office Renovation
* 349 Wharncliffe – Main Electrical Room and Distribution Panels and Generator replacement	202 McNay St. Boiler replacements (Consultant)	
* Hale – Distribution Panels replacement	170 Kent St. Riser Valve Replacements	
* McNay – Main Electrical Room and Distribution Panels replacement	Commissioners retaining wall rebuild – General Contractor	
* Oxford – Main Electrical Room and Distribution Panels replacement	Limberlost Pedestrian Pathway Repaving – General Contractor	

*LMCH Board of Directors Meeting
May 28, 2026*

* Berkshire – Generator and Distribution Panels replacement	Various (carpet replacement, graffiti prevention measures, door latches) – 122 Baseline	
* Baseline – Main Electrical Room and Distribution Panels replacement		
Walnut Electrical Room Equipment Replacement – Design Build Contractor		
Albert Electrical and Generator Upgrades - Consultant		
Elevator Modernization – McNay, Oxford & Walnut		
Architectural – Carriage House 580 Dundas		

PREPARED AND SUBMITTED BY:
John Krill Director, Asset Renewal

ATTACHMENTS:

- Appendix A – Closed Projects in Q1 2026
- Appendix B – COCHI Displaced Funding
- Appendix C – In-progress Projects by Budget Year as at April 16 2026
- Appendix D – Project Status Change Details Q4 25 to Q1 26

Closed Projects in Q1 2026

Job Code	Job Name	Budgeted Amount	Spent	Unused
2020-0035	Fam Site Playground Replacements	\$ 314,994.76	\$269,100.92	\$ 45,893.84
2023-0039a	Various - Unit Modernization	\$ 262,861.09	\$162,861.09	\$100,000.00
2024-0020	Wharndcliffe Fence Repair	\$ 50,000.00	\$ 2,949.16	\$ 47,050.84
2024-0035	VFA Software Subscription	\$ 44,000.00	\$ 43,527.30	\$ 472.70
Grand Total		\$ 673,557.79	\$478,438.47	\$195,119.32

COCHI Displaced Funding

Following projects were created (renamed) to designate the new funding source of COCHI amounting to \$1,963,355.02.

New 100% cochi funded project codes	New name of previously approved capital projects	Amounts to allocate (COCHI committed) from 2026 Yardi COCHI funding source	
2024-0008-cochi	Wharncliffe Elevator Modernization - COCHI	\$ 374,629.00	
2023-0025-cochi	Berkshire Elevator Modernization - COCHI	\$ 400,971.42	
2025-0009-cochi	Boullee Siding & Brick Repair - COCHI	\$ 852,494.05	
2025-0042-cochi	Penny Lane Siding Replacement - COCHI	\$ 335,260.55	
		\$ 1,963,355.02	(1)

Following projects require their previously approved project budget amounts (funded from Public Housing Major Upgrades and/or Infrastructure Gap sources) to be reallocated to contingency since these \$ amounts will now be covered by COCHI.

From Project	To Project (contingency)	Amounts to allocate	
2024-0008 Wharncliffe Elevator Mod	2025-0036	\$ 374,629.00	
2023-0025 Berkshire Elevator Mod	2025-0036	\$ 400,971.42	
2025-0009 Boullee Siding & Brick Repair	2025-0036	\$ 400,000.00	
2024-0010 Family Site Envelope Upgrades	2025-0036	\$ 444,110.00	
2025-0042 Penny Lane Siding Replacement	2025-0036-25	\$ 250,000.00	
		\$ 1,869,710.42	(2)

Following projects require their previously approved project budget amounts (funded from COCHI) to now be funded from Public Housing Major Upgrades and/or Infrastructure Gap sources.

From Project (contingency)	To Project (2026 Yardi job prev. set as COCHI)	Amounts to allocate	
2025-0036	2026-0001 Albert Electrical	\$ 600,000.00	
2025-0036	2026-0002 Oxford Electrical *	\$ 388,000.00	
2025-0036-25	2026-0017 Albert Generator	\$ 400,000.00	
	<i>* some COCHI amounts to remain as source funding for this 2026 approved project budgeted at \$1mil</i>	\$ 1,388,000.00	(3)

Reallocated new COCHI Funding Source	\$ 1,963,355.02	(1)
Net reallocation to contingency	\$ 481,710.42	(2) - (3)

In-progress Projects by Budget Year as at April 16 2026

21	22	23	24	25	26
Hard Surface Restoration - 1481 Limberlost Rd.	Elec Main Circuit Breakers-a26	McNay - M Elec Room Equip Repl	William Boiler Replacement - 872 WILLIAM STREET	Southdale Site Lighting Upgrade - 931-1125 Southdale Rd.	Roof Replacement William - 872 WILLIAM STREET
Balcony Studies - Various	Mech System Review - Operating Site London	349 Wharnclyffe M Elec Room Eq Rpl	Family Site Envelope Upgrades - Various	Generator Replacement - 872 WILLIAM STREET	Hot water tank replacements - 931-1125 Southdale Rd.
Major Horizontal Plumbing Line - 125 HEAD STREET	Outdoor Security Cameras - Various	Simcoe - Heating Panel Repl	Universal Accessibility Upgrades - Various	Window & Door Replacement - 2061 DORCHESTER ROAD	Hot water tank replacements - 1481 Limberlost Rd.
Lobby Upgrades - 85 WALNUT STREET	Walnut - Elec equip rep.- Infr.fund - 85 WALNUT STREET	Oxford - Dist Panel Repl	Common Area Upgrades - Various	Spalling Bricks, Gable Ends Repair - Boulelee Site	Hot water tank replacements - 150-218 Marconi Blvd. (Semis)
		345 Wharnclyffe M Elec Room Eq Rpl	Unit Modernization - Capital - Various	Penny Lane Side Replacement - Penny Lane Site	Laptops and IT related infrastr. - Various
		Hale - Dist Panel Repl	Tnt Dir Fund - Boulelee CCTV - Various	IT Capital (Hardware & Software) - Various	Mold Abatement - Various
		Limberlost - Pedestrian Paving	Mold Abatement - Various	Mold Abatement - Various	BCA 100% Portfolio - Various
		Huron - Site Lighting Upgrade	Mech Equipment Recommissioning - Various	BC22 Service Improvements Other - Various	Asphalt Restoration & Replacement - Various
		Various - Family Sites Backyards	FSites Garbage Prog audit report - Various	SH Intercom System Upgrades - Various	Capital tracker website rebuild - Various
			Family Site Improvements - Various	Common Areas Capital Upgrade - Various	Ergonomic furn. in prop. offices - Various
		Various - Building Envelope Study	Asphalt Repair and Replace - Various	Unit Modernization Funds - Various	Universal Access Upgrades - Various
		Unit Modernization - Flooring-Variou	Outdoor Furniture Replacement - Various	Asbestos Abatement - Various	Common Areas Capital Upgrade - Various
		Unit Modernization - Various	Universal Accessibility Upgrades - Various	Fire System Upgrades - Various	Unit Modernization - Various
		Garbage Room Access Control Instal-Variou	BC22 Office Buildouts - 580 DUNDAS STREET	Domestic Water Valve Replacements - Various	Asbestos Abatement - Various
		Albert - Elevator Modernization	Albert St Laundry Room Relocation - 136 ALBERT STREET	SH Restricted Stair Access Areas - Various	Carbon monoxide detector install - Various
		345 Wharnclyffe - Dist Panel Repl	345 Wharnclyffe Elevator Mod - 345 Wharnclyffe Road North	SH Secure Cabinet Notice Repl - Various	Hot water tank replacements - Various
		Oxford - Elevator Modernization	Wharnclyffe / Dundas Office renos - 345 Wharnclyffe Road North	SH Wayfinding In Hallways - Various	BC22 Service Improvements Other - Various
		349 Wharnclyffe - Dist Panel Repl	Oxford Balcony Repairs - OXFORD STREET WEST	SH Rear Property Fencing - Queen St - 580 DUNDAS STREET	122 Baseline COL Cap. Enhanc. - 122 Baseline Road West
		349 Wharnclyffe - Generator Repl	349 Wharnclyffe Elevator Mod - 349 Wharnclyffe Road North	Generator Replacement - 1194 COMMISSIONERS ROAD W.	Roof Replacement Dundas - 580 DUNDAS STREET
		Simcoe Stairwell Door Replacement	Simcoe Generator Replacement - 241 SIMCOE STREET	Main Elec Room Equipment Repl. - 1194 COMMISSIONERS ROAD W.	Full electrical room repl - 136 ALBERT STREET
		Walnut - Elevator Modernization	Simcoe Roof Replacement - 241 SIMCOE STREET	Roofing Replacement - 85 WALNUT STREET	Generator Replacement - 136 ALBERT STREET
		McNay - Dist Panel Repl	Baseline Mailbox Replacement - 30 BASELINE ROAD WEST	Elevator Mod - 170 KENT STREET	Full electrical room repl - OXFORD STREET WEST
		McNay - Elevator Modernization	Baseline Electrical Upgrades - 30 BASELINE ROAD WEST	Balcony Repairs - 200 BERKSHIRE DRIVE	Roof Replacement Oxford - OXFORD STREET WEST
		Berkshire - Elevator Modernization - 200 BERKSHIRE DRIVE	Berkshire Generator Replacement - 200 BERKSHIRE DRIVE	Roof Replacement - 200 BERKSHIRE DRIVE	Retaining wall replacement - 1194 COMMISSIONERS ROAD W.
			Berkshire Electrical Upgrade - 200 BERKSHIRE DRIVE		Roof Replacement McNay - 202 MCNAY STREET
					Boiler replacement - 202 MCNAY STREET
					Riser plumbing valve replacement - 170 KENT STREET
					Boiler replacement - 170 KENT STREET

Project Status Change Details Q4 25 to Q1 26

PROJECTS HAVING STATUS UPDATE				
Job Code	Job Name	PM	Q4 Status	2026 Q1 Status
2024-0020	Wharncliffe Fence Repair	Bill Leslie	Completed	Closed
2024-0017	Albert Boiler Replacement	Bill Leslie	Inprogress	Completed
2022-0004-03	Elec Replace Load Centers-a24c	Bill Leslie	Inprogress	Completed
2024-0018	William Boiler Replacement	Bill Leslie	Inprogress	Completed
2021-0013d	Bathroom Fans/Light Switches	Bill Leslie	Approved	Closed
2025-0015	Roofing Replacement	Bill Leslie	Inprogress	Cancelled
2021-0009a	Exterior Site Furnishings	Bill Leslie	Approved	Closed
2021-0013b	Bathroom Fans/Light Switches	Bill Leslie	Approved	Closed
2021-0009	Exterior Site Furnishings	Bill Leslie	Approved	Closed
2021-0013a	Bathroom Fans/Light Switches	Bill Leslie	Approved	Closed
2021-0009b	Exterior Site Furnishings	Bill Leslie	Approved	Closed
2021-0013c	Bathroom Fans/Light Switches	Bill Leslie	Approved	Closed
2025-0037	BCA 33% Portfolio	John Krill	Inprogress	Cancelled
2025-0030	Universal Access Upgrades	Terry Maslen	Inprogress	Completed
2024-0035	VFA Software Subscription	Trevor Whittingham	Completed	Closed
2023-0043	General Contingency	Trevor Whittingham	Completed	Closed
2023-0039a	Various - Unit Modernization	Trevor Whittingham	Completed	Closed
2021-0013	Bathroom Fans/Light Switches	Bill Leslie	Approved	Closed
2020-0007	Albert fire panel upgrade	Bill Leslie	Inprogress	Cancelled
2020-0013	Fire alarm devices - Albert	Bill Leslie	Inprogress	Cancelled
2025-0020	Window Replacement	Trevor Whittingham	Inprogress	Completed
2025-0021	Window Replacement	Trevor Whittingham	Inprogress	Completed
2022-0022	York - Fire Alarm Replacement	Bill Leslie	Inprogress	Cancelled
2023-0017	Dorchester - Repave Parking Lot	Trevor Whittingham	Completed	Closed
2022-0004-05	Walnut - Electrical equip replace	Trevor Whittingham	Inprogress	Closed
2025-0006	Parking Lot & Retaining Wall Repair	Trevor Whittingham	Inprogress	Completed
2020-0035	Fam Site Playground Replacements		Approved	Closed

**Construction Contract Award –
Commissioners' Retaining Wall Rebuild
STAFF REPORT-2026-18**

TO: LMCH Board of Directors

FROM: John Krill, Director of Asset Renewal

SUBJECT: Construction Contract Award – Commissioners' Retaining Wall Rebuild

DATE : May 21, 2026

PURPOSE:

The purpose of this report is to provide a progress update on the retaining wall rebuild project at 1194 Commissioners Rd W, and request approval to enter into a construction contract with a general contractor to complete the scope.

LMCH Purchase Authorization Limits require Board approval for contract awards that are above capital project budgets previously approved by the Board.

RECOMMENDATION:

That the LMCH Board of Directors **APPROVE** the following recommendations to be presented to the Board of Directors:

1. **RECEIVE** this report for information.
2. **APPROVE** the reallocation of \$35,000 from General Contingency 2025-0036 to the retaining wall rebuild project, 2026-0003.
3. **APPROVE** the request to enter into a construction contract with Resolute Construction for the retaining wall replacement project for a total contract award of \$299,767 (plus taxes).
4. **AUTHORIZE** LMCH staff to take the necessary steps to give effect to the above recommendations.

BACKGROUND:

In the summer of 2025, a routine inspection of the building revealed that the retaining wall, which abuts the west side of the parking lot, is in very poor condition. The existing wall is made up of stacked wooden railway ties and has been in place for 30+ years. The wood throughout has begun to rot, the top course of the wall is missing in several places, and the wall has bowed significantly. Understanding that if the wall condition degrades any further, it may become a safety issue, replacing the wall was included in the 2026 Capital Budget.

Following a request for design proposals, which was sent to four consulting firms, LMCH entered into a contract with Greenline Building Science Group for the design of a replacement wall as well as construction contract administration. Greenline began design work in January, and fine-tuning of the design occurred in early March once the parking lot and wall were no longer concealed by snow. Bid documents were posted to Bids and Tenders on March 13, 2026. A mandatory site visit occurred a week later to ensure that all bidders thoroughly understood the requested scope of work. The tender closed in late April.

TENDER EVALUATION:

Bids were received from nine proponents, with six submissions judged to be complete and valid. Three bidders failed to complete the mandatory bid requirements and were disqualified. Appendix A (in Camera) summarizes the scoring evaluation of all bidders.

The bids were evaluated based on a standard three-step process:

- 1) Were all mandatory submissions received and compliant (a pass/fail evaluation),
- 2) A qualitative evaluation, including experience of each firm and their staff as well as comparable projects completed in the past (worth 40% of the total score),
- 3) A financial evaluation of the submitted bids (worth 60% of the total score).

Bid evaluations were completed independently by the LMCH Project Manager and Greenline. The analyses agreed that three bidders were extremely close and warranted closer evaluation. As a result, three proponents were invited for an interview to further explain their qualifications and elaborate on their plans for the project. References were checked for all firms, and all three received glowing reviews from past clients. Weighing all of these factors, both Greenline and the LMCH Project Manager recommend awarding to Resolute Construction.

OPTIONAL SCOPE CONSIDERATIONS:

As part of the base scope, repaving the main driveway and the parking area which abuts the retaining wall will be completed. Because a substantial part of the parking lot would be disturbed during excavation for the wall, it made sense to fully replace a driveway that had been patched many times and was in overall poor condition. As an optional part of the project, pricing was requested to repave a second, separate parking lot. The price received was reasonable and is significantly less than if we were to have another contractor repave the lot under a separate contract. As a result, accepting the optional price and adding scope to the project is recommended.

FINANCIAL IMPACT:

The initial capital budget allocation for this project is \$300,000 (including effective tax). The preferred proponent submitted a base bid of \$257,572 plus tax (see Appendix A). Adding scope to repave the additional parking lot increases the total construction cost to \$305,067 (including effective tax). When combined with funds that have already been committed, the expected total project cost is greater than the previously approved project budget. As a result, a reallocation of funds from the general contingency is requested. A full budget breakdown is shown below.

Initial Budget Allocation		
2026-0003 Retaining Wall Rebuild		\$ 300,000
Expected Costs		
Engineering Fees - Greenline	\$ 20,913	
Other Small Commitments - Arborist, Permit Fees, etc	\$ 6,500	
Construction Costs - Resolut	\$ 305,067	
Total Expected Spend		\$ 332,480
Funds Remaining in Project Budget		\$ (32,480)
Recommended Reallocation from Contingency		\$ 35,000
Funds Remaining After Reallocation		\$ 2,520
		All values after effective tax

CONCLUSION

Based on the bids received and comprehensive evaluation, it is recommended that LMCH award the construction contract to rebuild the retaining wall and fully repave both parking lots at 1194 Commissioners Rd W to Resolute Construction.

ATTACHMENTS: IN CAMERA Appendix A – Commissioners Retaining Wall Tender Evaluation Scoresheet

SUBMITTED BY:	STAFF CONTACT:
John Krill DIRECTOR, ASSET RENEWAL	Trevor Whittingham CONSTRUCTION PROJECT MANAGER

**Lease Renewal, 1299 Oxford St. E.
STAFF REPORT-2026-19**

TO: LMCH Board of Directors

FROM: Paul Chisholm, Chief Executive Officer

SUBJECT: Lease Renewal, 1299 Oxford St. E.

DATE: May 21, 2026

PURPOSE:

The purpose of the report is to receive committee and Board Approval to renew the lease for the LMCH main office for an additional five (5) years.

RECOMMENDATIONS:

That the LMCH Board of Directors:

1. **RECEIVE** this report for Information.
2. **APPROVE** the lease renewal agreement between LMCH and Oxbury Centre Inc. for commercial office space at 1299 Oxford St. E. at a rate of \$16.00 per square foot for a period of five (5) years.
3. **AUTHORIZE** LMCH staff to take the steps required to give effect to the above recommendations.

BACKGROUND:

LMCH currently leases 13,500 square feet of commercial office space for use as the main office. The original term of the lease was for the term of June 1, 2016, to May 31, 2021, and the LMCH Board of Directors approved the first five (5) year renewal period in Late 2020 that expires May 31, 2026.

LMCH has undergone significant growth since the original lease was signed in 2016, introducing new staff roles in the community as well as part of centralized service delivery. While the office space at 1299 Oxford Street East is at capacity, LMCH is creating new community offices at our Wharnccliffe Community (2026) and our Southdale Community (2025 & 2027) and is decentralizing staff into existing community offices across the portfolio to increase our community presence and ensure existing office space is maximized.

LMCH was required to provide six (6) months' notice if we did not plan on renewing the lease. It was determined that an extension of the current lease term was in the best interest of LMCH for the near term. For the past 10 months, LMCH has been working closely with the landlord to confirm the details of the lease renewal.

Key areas of discussion included:

- Should LMCH consider relocating to or expanding into the adjacent space recently vacated by Fanshaw College.
- What is the potential impact of the landlord's approved site plan for the current property, which will include adding residential buildings to the site.
- If the lease rate and total cost of the lease are reasonable.

REASON FOR RECOMMENDATIONS:

Significant planning and investment are required to relocate office space. With the focus on strengthening and aligning the operating model to the needs of the organization, LMCH has not started this work. We are confident that by leveraging existing office and community spaces, as noted in the report, we have sufficient space to meet organizational needs over the next five (5) years.

LMCH has received assurance from the landlord that approved redevelopment of the site to add residential housing will not commence during the course of this lease renewal, addressing a significant concern of LMCH staff.

LMCH negotiated a \$6,500 (3.2%) rental rate increase. In addition to this commitment of \$216,000 annually, LMCH pays a portion of the shared costs for the site that include utilities, snow removal, landscaping, maintenance, and property taxes. These costs are monitored by LMCH staff to ensure charges are consistent with the lease agreement provisions.

Years	Cost/Sq. foot	Lease Costs/year	Additional Costs Estimate Annually
2016-2021	\$13.95	\$188,325	\$165,000
2021-2026	\$15.50	\$209,050	\$185,000
2026-2031	\$16.00	\$216,000	\$190,000+

CONCLUSION:

LMCH will need to consider space needs as part of the long-term financial and strategic planning of the organization and consider potential costs in the regeneration strategy and the multi-year budget process. There has been discussion at the City of London to work with LMCH and other Corporations to consider shared use of office space, and there are potential opportunities that may emerge for LMCH to build or acquire office space as part of the regeneration plan. LMCH staff will include this as part of our strategic planning discussion in 2027.

PREPARED and SUBMITTED BY:
PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

**Q1 2026 Financial Results
FAR REPORT 2026-16**

TO: LMCH Finance, Audit and Risk Management Committee

FROM: Paul Chisholm, CEO

SUBJECT: 2026 Financial Results – Q1 2026

DATE: May 14, 2026

PURPOSE:

The purpose of this report is to share LMCH's Q1 2026 unaudited financial results for the three months ended March 31, 2026, including key budget variances and operational factors impacting results.

RECOMMENDATION:

That the March 31, 2026 (Q1) Financial Performance Results, and its Operating Summary Report be RECEIVED for information.

REASONS FOR RECOMMENDATIONS:

The following report provides a high-level variance explanation of LMCH's March 31, 2026 (Q1) operations.

The full-year financial operations resulted in a surplus of approximately \$880K. This surplus is also \$1,09M higher than the forecasted Q1 budget deficit of \$216,655K.

REVENUE

Total revenue for the first three months was close to budget, with a slightly favourable variance of \$230K (3%).

This favourable variance was primarily driven by:

- Rent revenues exceeding targets due to lower rent forgiveness for tenants receiving RGI
- Interest revenue exceeding budget due to higher-than-anticipated interest rates

These gains were partially moderated by typical timing and operational factors.

EXPENDITURES

Total expenditures for the first three months of 2026 showed totalled \$7.8M (and showed a favourable variance of \$1,3M compared to the budget. The most significant increases in expenditures are explained in Appendix A.

However, highlights are summarized below

Favourable Variances (Below Budget)

- Salaries, Wages & Benefits: Lower due to vacancies, staff leaves, and use of lower benefit cost for cleaners.
- Net Bad Debt Write-offs: Lower tenant arrears associated with vacated units
- Life Safety Systems: Delayed billing in the quarter
- Plumbing & Painting: Timing-related delays in repairs, maintenance, and unit turnover
- Vandalism: Lower-than-expected activity during the quarter
- Water: Below budget; Q1 costs still under review for accrual completeness and consumption trends
- Natural Gas: Lower usage due to a warmer-than-normal winter
- HR Costs: Timing of memberships, training, and administrative costs under review

Unfavourable Variances (Above Budget)

- Pest Control: Significantly above budget
- Snow Removal: Higher due to Q1 seasonal concentration (approximately two-thirds of the budget allocated) and winter weather activity
- Equipment: Higher than budget, with some expenses to be moved to the existing capital budget in Q2
- Extraordinary Loss: Costs for insurable events not yet reimbursed by the insurer and deductible expenses.

Timing / Allocation Variances

- Landscaping & Parking Lot Maintenance: Budget methodology change (April–September allocation)
- Water Heater Rental: Fully recognized in Q1 as per annual allocation

OPERATING RESULTS SUMMARY

The favourable year-to-date position is primarily attributable to lower salaries and benefits costs, lower utility costs related to water consumption, timing-related maintenance expenditures, lower insurance and municipal tax costs, and several favourable administrative variances. These favourable variances were partially offset by higher snow removal costs and extraordinary losses recorded during the quarter.

CONCLUSION

2026 Q1 financial results reflect a positive operating position driven primarily by staffing-related savings, lower utility consumption, and timing differences in maintenance and administrative expenditures.

The organization continues to actively monitor cost pressures in key areas such as pest control, snow removal, and extraordinary repairs, while also preparing for increased legal and consulting expenditures in upcoming quarters related to strategic initiatives.

While financial performance remains strong in Q1, many variances are timing-related in nature and will normalize over the remainder of the fiscal year.

LMCH is continuing efforts to enhance financial reporting through the development of a more detailed site-based budgeting approach. While site-based reporting is not yet fully implemented, work is already underway to begin allocating and tracking costs at a more granular level. This initiative will strengthen financial oversight and support more informed operational decision-making across the organization.

Appendix A – March 31, 2026 Operating Results (Q1)

SIGNATURE:

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
TSITSI MUYAMBO , CPA DIRECTOR OF FINANCE AND CORPORATE SERVICES	PAUL CHISHOLM CHIEF EXECUTIVE OFFICER

Notes:

1	RENT REVENUES	Rent revenue exceeded targets due to lower rent forgiveness for tenants receiving RGI
2	NET BAD DEBT WRITE OFF	Net bad debt write offs were lower than projected due to lower tenant arrears associated with vacated units.
3	INTEREST	Interest revenue exceeded budget due to higher than anticipated interest rates.
4	SALARIES, WAGES & BENEFITS	Several vacancies or staff leaves throughout the year. Lower benefit costs as Cleaners operating under a separate collective agreement
5	PEST CONTROL	Pest control costs were well above budget
6	LANDSCAPING & PARKING LOT MTCE.	Budget allocation methodology changed to a six-month allocation from April to September.
7	SNOW REMOVAL	Snow removal expenditures exceeded budget due to seasonal spending patterns and winter weather activity experienced during
8	LIFE SAFETY SYSTEMS	Late billing reconciliation delayed actual expenditures in Q1
9	PLUMBING	Plumbing expenditures were below budget primarily due to timing of repairs and maintenance work
10	PAINTING	Painting expenditures were below budget due to timing differences associated with unit turnover
11	VANDALISM	Vandalism-related expenditures were below budget during the quarter.
12	WATER HEATER RENTAL	Water heater rental expenditures is on budget as the full annual budget allocation was recognized and applied to Q1.
13	WATER	Water expenditures were below budget. Actual costs captured during Q1 continue to be reviewed for accrual completeness and consumption trends.
14	NATURAL GAS	Winter of 2024 was much warmer than normal, saving on usage.
15	HR	Human Resources expenditures were below budget due to timing of memberships, training, and administrative costs currently under review.
16	EQUIPMENT	Equipment expenditures exceeded budget. Some expenses will be reallocated to a capital account moving forward.
17	EXTRAORDINARY LOSS	Costs related to insurable events (fires, floods, etc.) some costs will be reimbursed through insurance claims

APPENDIX A - March 31, 2026 Operating Results (Q1)								
		For the Three Months Ended March 31, 2026					Variance from	
		Actuals	Budget	Variance	2026 Budget	Actuals Q1 2025	Q1 2025 - 2026	Notes
REVENUE						2026 minus 2025		
	RENT REVENUES	3,860,793	3,818,732	42,061	15,275,000	3,661,929	198,864	1
	TENANT RECOVERIES	6,335	17,499	(11,164)	70,000	22,747	(16,412)	
	NET BAD DEBT WRITE OFF	(47,042)	(165,000)	117,958	(660,000)	(146,411)	99,369	2
	ANTENNA LICENSES	42,672	43,749	(1,077)	175,000	4,200	38,472	
	INTEREST	29,686	15,000	14,686	60,000	34,739	(5,053)	3
	SUNDRY & OTHER REVENUE	131,086	63,378	67,708	253,510	32,342	98,744	4
	MUNICIPAL BASE FUNDING	5,128,153	5,128,153	(1)	20,712,610	4,714,266	413,887	
	TOTAL REVENUE	9,151,682	8,921,511	230,171	35,886,120	8,323,812	827,870	
OPERATING EXPENDITURES								
	SALARIES, WAGES & BENEFITS	2,670,166	2,951,734	281,568	11,806,935	2,275,410	394,756	
	TENANT SERVICES	228,029	252,239	24,210	1,008,900	208,600	19,429	
MAINTENANCE, MATERIALS & SERVICES								
	ROOFING	6,415	12,024	5,609	48,095	3,523	2,892	
	BUILDING GENERAL	226,342	401,467	175,125	1,605,859	212,288	14,054	
	CLEANING	24,874	74,763	49,889	299,040	229,505	(204,631)	
	PEST CONTROL	254,361	201,273	(53,088)	805,124	100,030	154,330	5
	ELEVATORS	35,635	35,268	(367)	141,000	(18,390)	54,025	
	ELECTRICAL	25,806	45,243	19,437	181,046	26,152	(346)	
	EQUIPMENT	1,379	11,340	9,961	45,349	6,526	(5,146)	
	LANDSCAPING & PARKING LOT MTCE.	20,538	0	(20,538)	307,467	5,170	15,368	6
	MOLD	(467)	4,650	5,117	18,599	9,018	(9,485)	
	SNOW REMOVAL	616,530	592,000	(24,530)	888,000	766,776	(150,246)	7
	LIFE SAFETY SYSTEMS	5,346	84,405	79,059	337,615	46,662	(41,316)	8
	HEATING & VENTILATION	69,716	66,660	(3,056)	266,619	93,683	(23,967)	
	PLUMBING	57,149	152,481	95,332	609,916	117,729	(60,580)	9
	PAINTING	60,990	104,685	43,695	418,677	129,561	(68,571)	10
	VANDALISM	2,683	11,013	8,330	44,000	3,661	(977)	11
	WASTE REMOVAL	69,000	99,315	30,315	449,487	142,808	(73,808)	
	SUNDRY MATERIALS & SERVICES	1,289	4,506	3,217	18,000	570	719	
		1,477,585	1,901,093	423,507	6,483,892	1,875,270	(397,685)	
UTILITITES								
	ELECTRICITY	457,512	451,749	(5,763)	1,807,000	507,199	(49,687)	

		Actuals	Budget	Variance		2026 Budget		Actuals Q1 2025	Variance from Q1 2025 - 2026	Notes
	WATER HEATER RENTAL	45,905	50,000	4,095		50,000		51,784	(5,879)	12
	WATER	247,155	450,750	203,595		1,803,000		317,522	(70,367)	13
	NATURAL GAS	288,710	353,004	64,294		1,412,000		435,207	(146,497)	14
		1,039,283	1,305,503	266,220		5,072,000		1,311,712	(272,430)	
	PROPERTY									
	INSURANCE	360,551	412,497	51,946		1,650,000		331,806	28,745	
	MUNICIPAL TAXES	1,561,200	1,663,264	102,064		6,654,416		1,561,200	0	
		1,921,751	2,075,761	154,010		8,304,416		1,893,006	28,745	
	ADMINISTRATION									
	CORPORATE									
	FINANCE	12,251	25,703	13,452		102,814		25,878	(13,627)	
	HR	17,907	74,642	56,735		298,568		41,419	(23,512)	15
	L&C	68,866	117,475	48,609		469,900		60,702	8,164	
	OFFICE	133,736	128,265	(5,471)		513,060		127,919	5,817	
	OTHER	13,572	19,512	5,940		77,163		10,273	3,299	
		246,332	365,597	119,265		1,461,505		266,191	(19,859)	
	TRANSPORTATION & COMMUNICATION									
	TELECOM	47,937	60,867	12,930		243,500		36,369	11,568	
	TRAVEL & TRANSPORTATION	31,896	30,387	(1,509)		121,500		21,233	10,663	
	OTHER	4,640	5,520	880		22,000		6,478	(1,838)	
		84,472	96,774	12,302		387,000		64,080	20,392	
	SUPPLIES & EQUIPMENT									
	EQUIPMENT	26,312	11,697	(14,615)		46,800		11,017	15,296	16
	OTHER	121,701	150,021	28,320		600,000		116,283	5,418	
		148,013	161,718	13,705		646,800		127,299	20,714	
	TOTAL ADMINISTRATION	478,817	624,089	145,272		2,495,305		457,570	21,247	
	TOTAL OPERATING EXPENDITURES	7,815,630	9,110,418	1,294,788		35,171,448		8,021,568	(205,938)	
	EXTRAORDINARY LOSS	456,099	27,744	428,355		100,000		456,099	0	17
	NET SURPLUS (DEFICIT)	879,952	(216,651)	1,096,604		614,677		(153,855)	153,855	

**Updated Quarterly KPI Report 2026
FAR-2026-17**

TO: Finance, Audit, and Risk Committee

FROM: Ryan Winter, Business Planner

SUBJECT: Updated Quarterly KPI Report 2026

DATE: May 11, 2026

PURPOSE:

The purpose of this report is to provide the Finance, Audit, and Risk Audit Committee with an overview of the changes made to the quarterly performance reporting format beginning with the Q1 2026 report. The revised format is intended to improve readability, strengthen alignment with the 2024–2027 Strategic Plan, and provide the Committee and Board with a clearer dashboard-style view of organizational performance, operational risks, and progress on strategic priorities.

RECOMMENDATIONS:

That the updated Q1 2026 Quarterly Performance Report **BE RECEIVED** for information.

REPORT HIGHLIGHTS:

- Format is changing to a dashboard-style report, which improves Board oversight by highlighting key trends, risks, and performance exceptions.
- Mandate at forefront: Clear alignment to the Strategic Plan strengthens accountability for delivering on LMCH's mandate.
- Expanded KPI categories provide a comprehensive view of organizational health, supporting financial stewardship and sustainability.
- Enhanced visibility of trends and service standards enables proactive risk identification, escalation, and responsible management of public assets.

BACKGROUND:

LMCH has historically reported quarterly performance through a detailed report structure that included an executive summary, strategic plan progress updates, individual KPI scorecards, and detailed appendix sections. The most recent Q4 2025 report provided extensive information across vacancy, work orders, arrears and subsidies, human resources, and pest control. While this format provided significant details, it also created a lengthy report that required Committee and Board members to review multiple sections to understand overall performance trends and emerging areas of concern. For Q1 2026, staff revised the quarterly performance report into a more concise, visual, and dashboard-based format. The new report summarizes Strategic Plan accomplishments and presents key performance indicators across several organizational

stability categories, including Core Metrics, Building Stability, Tenant Stability, Financial Stability, and Staff Stability.

SUMMARY OF KEY CHANGES AND BOARD VALUE

Area / Category	What the New Report Includes	Board Value / Benefit
Overall Format	Shorter dashboard-style report with limited narrative, visual KPI cards, status updates, trend charts, and targets where applicable.	Improves readability and helps the Committee focus on trends, exceptions, and items requiring management attention.
Strategic Alignment	Quarterly accomplishments and KPIs are connected to LMCH's 2024-2027 Strategic Plan priorities.	Strengthens accountability by showing how operational work supports LMCH's mandate and strategic priorities.
Core Metrics	Units under treatment, rent collection rate, and vacancy rate.	Provides a quick view of high-level organizational performance and areas that may require escalation.
Building Stability	Work orders completed within service standard, rent-ready performance, CMHC Accessibility Project, capital projects, and community safety incidents.	Highlights building condition, service delivery, accessibility, capital, and safety risks in one place.
Tenant Stability	Tenant Support Program, rent reviews past due, emergency supports, and external agency supports.	Shows how tenant-facing work is supporting tenancy stability and identifying pressure points.
Financial Stability	Housing occupancy rate, average tenant arrears, and number of tenant accounts with arrears.	Improves visibility into revenue risk, arrears trends, and financial sustainability.
Staff Stability	Sick days, unplanned absence, and group training sessions.	Supports oversight of workforce capacity, training, and operational resilience.

CONCLUSION:

The Q1 2026 Quarterly Performance Report represents a positive evolution in LMCH's performance reporting. The revised dashboard format is more concise, visually accessible, and strategically aligned than the previous report structure. It provides the Committee and Board with a clearer view of organizational performance across core operations, building stability, tenant stability, financial stability, and staff stability.

PREPARED and SUBMITTED BY:	REVIEWED and CONCURRED BY:
Ryan Winter, Business Planner	Sara De Candido, COO



LONDON & MIDDLESEX
COMMUNITY HOUSING

QUARTERLY PERFORMANCE REPORT

Q1-2026: Period Ended March 31, 2026

MAY 19, 2026



Improving the Tenant Experience

Demonstrate that it is a priority to ensure that residents feel comfortable, safe, and supported in their homes.



Developing an Enhanced Service Model

Ensure services meet the needs of our tenants while actively involving tenants in decision-making processes.



Investing in our Communities

Create vibrant and thriving neighbourhoods by investing in our buildings, beautifying our grounds, and redeveloping our communities.



Focusing on Environment and Governance

Deepen our commitment to a sustainable future by reducing environmental impact and promoting sustainable options while strengthening risk management practices and vendor oversight.



Foster a Healthy Organization Build a positive and inclusive work culture, ensuring the well-being and professional growth of staff members.

Q1-2026 Strategic Plan Accomplishments



- Maintenance Repair call out procedure completed.
- Maintenance request standard operating procedure (SOP) completed.
- Entered into an agreement with Housing Services Corporations (HSC) to handle up to five (5) RFPs in our current pipeline.
- Building scorecards are being developed to show the overall health of the building (Building Operations, Tenant Behaviour, Community Safety, FCI score) receiving a score out of 100.



- Four (4) separate surveys are in development (Tenant Satisfaction Survey, AODA Follow-Up Survey, Post Service Request Survey, and New Tenant Support Program Survey).
- Significant progress has been made on the Capital Tracker, including data validation and the planned launch of Phase 1 in Q2 2026. Phase 1 will include historical capital spend data from 2020–2024, along with a property-by-property breakdown of 2025 capital expenditures by area of work.



- All seven townhome complexes and scattered properties had their hot water tanks replaced, totaling **823 units**.
- Secured **\$29 million** funding from CMHC for Re-Imagine Southdale Phase #1 and #2. This funding will support future development initiatives and help relieve the City of London of this funding commitment.
- Electrical RFP approved by Committee for **\$4.5 million** (8 Sites and 15 Projects).
- Preventative maintenance scope built in Q1-2026 and RFP to be released in Q2-2026.



- **Garbage Program:** Engaging consultant to map out entire portfolio to identify future locations for garbage bins.
- Best practices for the recycling program and large bulk items are in the process of being developed.
- The supply chain is in the process of being streamlined to reduce procurement costs, improve timeliness, and simplify the ordering and management of supplies needed to maintain and turn over units.
- In Q1 2026, staff reviewed the procurement policy and plan to bring it to the Board by the end of Q3.



- LMCH participated in the CMO (Chippewa of the Thames First Nation, Munsee Delaware Nation & Oneida Nation of the Thames) Job Fair on January 27th and plans to attend the London Economic Development job fair on April 21st.
- CPI Training: Q1 trained 10 people. **90% of all employees** trained on non-violent intervention.
- **Safety:** Monthly safety reminders, SOP for moving garbage bin safely, SOP for safe discarding of batteries, N95 fit testing for employees, and air quality testing. Additionally, an online electronic SDS safety sheet database is in progress.

Q1-2026 Key Performance Indicators

Core Metrics	<p>Units Under Treatment</p> <table border="1"> <tr><th>Quarter</th><th>Percentage</th></tr> <tr><td>Q1-2025</td><td>25%</td></tr> <tr><td>Q2-2025</td><td>24%</td></tr> <tr><td>Q3-2025</td><td>18%</td></tr> <tr><td>Q4-2025</td><td>14%</td></tr> <tr><td>Q1-2026</td><td>11%</td></tr> </table> <p>Target: 15%</p>	Quarter	Percentage	Q1-2025	25%	Q2-2025	24%	Q3-2025	18%	Q4-2025	14%	Q1-2026	11%	<p>Rent Collection Rate</p> <table border="1"> <tr><th>Quarter</th><th>Percentage</th></tr> <tr><td>Q1-2025</td><td>97%</td></tr> <tr><td>Q2-2025</td><td>97%</td></tr> <tr><td>Q3-2025</td><td>95%</td></tr> <tr><td>Q4-2025</td><td>97%</td></tr> <tr><td>Q1-2026</td><td>99%</td></tr> </table> <p>Target: 95%</p>	Quarter	Percentage	Q1-2025	97%	Q2-2025	97%	Q3-2025	95%	Q4-2025	97%	Q1-2026	99%	<p>Vacancy Rate</p> <table border="1"> <tr><th>Quarter</th><th>Percentage</th></tr> <tr><td>Q1-2025</td><td>1.6%</td></tr> <tr><td>Q2-2025</td><td>3.5%</td></tr> <tr><td>Q3-2025</td><td>3.7%</td></tr> <tr><td>Q4-2025</td><td>3.7%</td></tr> <tr><td>Q1-2026</td><td>4.4%</td></tr> </table> <p>Target: 3%</p>	Quarter	Percentage	Q1-2025	1.6%	Q2-2025	3.5%	Q3-2025	3.7%	Q4-2025	3.7%	Q1-2026	4.4%						
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<p>Definition: The total percentage of units under treatment</p> <p>Calculation: The total number of units under treatment divided by the total number of LMCH units.</p> <p>Status: Units under treatment has dropped to 11% and remains under our 15% target.</p>	<p>Definition: Identifies the LMCH percentage of tenants rent and parking charges that has been collected.</p> <p>Calculation: Receipt Transaction Register (collected) / Posted RGI rent (Due).</p> <p>Status: Consistent rent collection rate over the past two (2) quarters.</p>	<p>Definition: The percentage of units unoccupied by tenants.</p> <p>Calculation: Total number of unoccupied units (not including CMHC units or Fire units) divided by total number of LMCH units.</p> <p>Status: Vacancy rate has increased to 4.4% which is the highest it has been over the past 5 quarters.</p>																																											
Building Stability	<p>Work Orders Completed within Service Standard Non-Emergency/Regular/Routine (7 Business Days)</p> <table border="1"> <tr><th>Quarter</th><th>Percentage</th></tr> <tr><td>Q1-2025</td><td>94%</td></tr> <tr><td>Q2-2025</td><td>96%</td></tr> <tr><td>Q3-2025</td><td>97%</td></tr> <tr><td>Q4-2025</td><td>99%</td></tr> <tr><td>Q1-2026</td><td>99%</td></tr> </table> <p>Target: 95%</p>	Quarter	Percentage	Q1-2025	94%	Q2-2025	96%	Q3-2025	97%	Q4-2025	99%	Q1-2026	99%	<p>% of Units Made Rent Ready Based on Service Standard (75 Days)</p> <table border="1"> <tr><th>Quarter</th><th>Percentage</th></tr> <tr><td>Q1-2025</td><td>44%</td></tr> <tr><td>Q2-2025</td><td>61%</td></tr> <tr><td>Q3-2025</td><td>32%</td></tr> <tr><td>Q4-2025</td><td>50%</td></tr> <tr><td>Q1-2026</td><td>13%</td></tr> </table> <p>Target: 90%</p>	Quarter	Percentage	Q1-2025	44%	Q2-2025	61%	Q3-2025	32%	Q4-2025	50%	Q1-2026	13%	<p>CMHC Accessibility Project</p> <table border="1"> <tr><th>Metric</th><th>Value</th></tr> <tr><td>Project Target</td><td>416</td></tr> <tr><td>Actual</td><td>275</td></tr> <tr><td>Q1 2026 Target</td><td>234</td></tr> </table>	Metric	Value	Project Target	416	Actual	275	Q1 2026 Target	234										
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<p>Definition: The number of non-emergency, regular, routine work orders completed within 7 business days.</p> <p>Calculation: Number of work orders completed within the service standard divided by total number of work orders completed in the quarter.</p> <p>Status: This metric has met our service standard over the past 4 quarters.</p>	<p>Definition: Units made ready based on internal service standard of 75 days not including weekends or holidays.</p> <p>Calculation: Number of units made ready within 75 days divided by total number of units made ready in the quarter.</p> <p>Status: Not meeting the internal standard that has been developed.</p>	<p>Definition: The # of completed CMHC Units.</p> <p>Calculation: # of completed units vs the total number required by the end of 2027.</p> <p>Status: This metric is ahead of schedule and on pace to hit the target by 2027.</p>																																											
Building Stability	<p>Access Control and Trespassing</p> <table border="1"> <tr><th>Quarter</th><th>Count</th></tr> <tr><td>Q1-2025</td><td>1272</td></tr> <tr><td>Q2-2025</td><td>1381</td></tr> <tr><td>Q3-2025</td><td>1406</td></tr> <tr><td>Q4-2025</td><td>1154</td></tr> <tr><td>Q1-2026</td><td>2237</td></tr> </table>	Quarter	Count	Q1-2025	1272	Q2-2025	1381	Q3-2025	1406	Q4-2025	1154	Q1-2026	2237	<p>Community Safety: Property Standards & Site Integrity</p> <table border="1"> <tr><th>Quarter</th><th>Count</th></tr> <tr><td>Q1-2025</td><td>554</td></tr> <tr><td>Q2-2025</td><td>655</td></tr> <tr><td>Q3-2025</td><td>677</td></tr> <tr><td>Q4-2025</td><td>566</td></tr> <tr><td>Q1-2026</td><td>966</td></tr> </table>	Quarter	Count	Q1-2025	554	Q2-2025	655	Q3-2025	677	Q4-2025	566	Q1-2026	966	<p>Capital Projects: In Progress vs Completed</p> <table border="1"> <tr><th>Quarter</th><th>In Progress</th><th>Completed</th></tr> <tr><td>Q1-2025</td><td>158</td><td>9</td></tr> <tr><td>Q2-2025</td><td>164</td><td>6</td></tr> <tr><td>Q3-2025</td><td>182</td><td>4</td></tr> <tr><td>Q4-2025</td><td>176</td><td>12</td></tr> <tr><td>Q1-2026</td><td>186</td><td>7</td></tr> </table>	Quarter	In Progress	Completed	Q1-2025	158	9	Q2-2025	164	6	Q3-2025	182	4	Q4-2025	176	12	Q1-2026	186	7
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<p>Definition: Category #2: Access Control and Trespassing</p> <p>Calculation: Count of the number of access control and trespassing incidents per quarter.</p> <p>Status: This metric has increased 94% over the past quarter.</p>	<p>Definition: Includes Categories #3 & 4: Property Standards & Site Integrity.</p> <p>Calculation: Count of incidents from the above categories by quarter.</p> <p>Status: This metric has increased 71% over the past quarter.</p>	<p>Definition: The number of completed and in progress capital projects per quarter.</p> <p>Calculation: Count of completed and in progress projects per quarter.</p> <p>Status: This metric has remained consistent quarter over quarter.</p>																																											

Q1-2026 Key Performance Indicators

Tenant Stability	<p>Tenant Support Program</p> <p>Q1-2026: 78 New Households, 20 In Arrears, 1 N5 Notices</p>	<p>Percentage of Rent Reviews Past Due</p> <p>Q1-2025: 18%, Q2-2025: 23%, Q3-2025: 25%, Q4-2025: 18%, Q1-2026: 15%</p>	<p>Community Safety - Tenant Stability</p> <p>Q1-2025: 222, Q2-2025: 286, Q3-2025: 302, Q4-2025: 272, Q1-2026: 330</p>
	<p>Definition: # of households in the tenant support program</p> <p>Calculation: # of tenants who fall into arrears and/or receive N5 notices compared to the total number of tenants in the program.</p> <p>Status: 26% of tenants in the support program fell into arrears within the quarter.</p>	<p>Definition: Annual RGI rent reviews that are past their due deadline.</p> <p>Calculation: Number of rent reviews past due divided by total number of annual reviews completed each quarter.</p> <p>Status: As deadlines are longer than 3 months, this metric will be reported one quarter behind other metrics.</p>	<p>Definition: Includes Category: #6.</p> <p>Calculation: Count of Emergency and External Agency support per quarter.</p> <p>Status: External support has increased by 21% in Q1-2026.</p>
Financial Stability	<p>Housing Occupancy Rate</p> <p>Q1-2025: 98%, Q2-2025: 98%, Q3-2025: 98%, Q4-2025: 99%, Q1-2026: 99%</p>	<p>Average Amount of Tenant Arrears</p> <p>Q1-2025: \$1,224, Q2-2025: \$1,243, Q3-2025: \$1,324, Q4-2025: \$1,384, Q1-2026: \$1,271</p>	<p>Number of Tenant Accounts with Arrears Q1-2026</p> <p>Total: \$255,778; 547</p>
	<p>Definition: Total number of LMCH homes occupied by tenants.</p> <p>Calculation: # of Occupied Units / # of Rentable Units.</p> <p>Status: Currently on pace with the industry average.</p>	<p>Definition: Average amounts of arrears.</p> <p>Calculation: Total Rent & Parking / # of Tenant Accounts with Arrears.</p> <p>Status: LMCH average arrears decreased to previous levels from early 2025 while remaining below the industry average.</p>	<p>Definition: Breakdown of Arrears by amount owing.</p> <p>Calculation: Number of tenants who fall into each category, addition of all arrears within each category.</p> <p>Status: 81% of arrears fall within the \$1-\$2,000 range.</p>
Staff Stability	<p>Average Sick Days per Month per Employee</p> <p>Q1-2025: 1.14, Q2-2025: 0.86, Q3-2025: 1.04, Q4-2025: 1.00, Q1-2026: 0.62</p>	<p>Unplanned Absence (LTD/Sick/Injury)</p> <p>Q1-2025: 8%, Q2-2025: 8%, Q3-2025: 10%, Q4-2025: 8%, Q1-2026: 7%</p>	<p># of Group Training Sessions</p> <p>Q1-2025: 2, Q2-2025: 3, Q3-2025: 2, Q4-2025: 1, Q1-2026: 3</p>
	<p>Definition: Average number of days missed due to sickness per employee per month.</p> <p>Calculation: Total # of sick/appointment days taken / total staff complement.</p> <p>Status: Q1-2026 shows a decline in staff sick days compared to quarter.</p>	<p>Definition: The percentage of staff who are on an unplanned leave.</p> <p>Calculation: # of staff on long-term leave / total staff complement.</p> <p>Status: Down to lowest level since Q3-2025. A target will be developed internally by SLT for this metric in the coming quarters.</p>	<p>Definition: The number of group training sessions with two (2) or more employee's in a session.</p> <p>Calculation: The total number of group training sessions delivered during the quarter.</p> <p>Status: LMCH has offered at minimum one (1) group training session per quarter for the past five (5) quarters.</p>

Legend: Community Safety Categories

Purpose

This legend organizes community safety incidents into seven reporting categories to support consistent tracking, clearer analysis, and improved operational response across LMCH.

1. Community Safety, Behaviour & Tenant Support

Focuses on day-to-day tenant support, behavioural concerns, de-escalation, and early intervention to help maintain a safe and respectful community environment. This category is non-enforcement focused.

complaints, service calls, mental health support, community engagement, patrols, and other community-based non-criminal matters.

2. Access Control & Trespassing

Covers incidents involving unauthorized access, trespassing, and removal from LMCH properties or restricted areas. This category is limited to access boundary enforcement.

Examples: trespassing and access control incidents.

3. Property Standards, Asset Protection & Life-Safety Systems

Relates to the condition, operation, and protection of LMCH buildings, assets, utilities, and life-safety systems. This includes damage, service interruptions, theft-related impacts, and fire/life-safety infrastructure.

Examples: maintenance issues, water leaks, power or phone outages, elevator malfunctions or entrapments, property damage, vandalism, illegal dumping, clutter removal, theft, lost and found, fire alarms, fire investigations, fire systems, fire watch, and fire safety matters.

4. Physical Security & Site Integrity

Includes monitoring and upkeep of physical security infrastructure and environmental conditions that affect site safety. This category excludes access enforcement.

Examples: CCTV maintenance, general security concerns, and environmental safety concerns.

5. Staff Support, Workplace Safety & Internal Operations

Captures incidents involving support to staff and contractors, workplace safety matters, inspections, and internal operational processes that support service delivery.

Examples: staff assist, staff complaints, contractor assistance, staff-related medical support, slip and falls, unit inspections, investigations, confidential statements, and safety matters.

6. Emergency & External Agency Support

Applies to incidents requiring coordination with police, fire, EMS, animal control, or other external agencies. In these cases, CSU plays a support, coordination, or response role.

Examples: emergencies, police assist, arrests, motor vehicle collisions, animal-related incidents, naloxone distribution or administration, and deceased person or tenant calls.

7. Proactive Security Engagement Efforts

Reflects preventative and visibility-based activities intended to deter risk, identify issues early, and reinforce safety through presence rather than reactive response.

Examples: community safety patrols and additional security patrols.

**Director Asset Renewal – Q1 2026 Report
FAR-2026-18**

TO: LMCH Finance, Audit and Risk Management Committee
FROM: John Krill, Director Asset Renewal
SUBJECT: Director Asset Renewal – Q1 2026 Report
DATE: May 11, 2026

PURPOSE:

The purpose of this report is to provide the LMCH Finance, Audit, and Risk Management Committee with an update on high-profile issues and activities within the Asset Renewal Department, while also requesting approval for specific projects and budget actions.

RECOMMENDATION:

That the LMCH Finance, Audit and Risk Management Committee RECEIVE this report for information.

UPDATES:

Human Resources

The following changes in establishment in Asset Renewal occurred in Q1/26:

- 1) Vacant permanent Field Supervisor role was filled
 - This role supports 3 Capital Team Project Managers (PM),
- 2) Vacated temporary Field Supervisor role was filled
 - This role aligns with the needs of the CMHC repair and renew program.
- 3) Vacated permanent Project Field Services Coordinator (PFSC) role was filled
 - This role primarily supports the CMHC repair and renewal program.
- 4) A PM has given notice of retirement on July 3/26
 - Filling this pending vacancy will be a function of future capacity needs.

Building Condition Assessments (BCA)

With ongoing capital investments from the City of London, CMHC, and other sources, LMCH has worked towards improving property conditions over the past years through significant capital expenditure and reflecting this investment by updating our VFA database with all project work completed to date. LMCH has a process in place to ensure

immediate and regular VFA database updates, ensuring current information is always available to drive capital investment decision-making.

The contract awarded to Turner & Townsend (TT) to complete LMCH’s BCA commenced January 1/26 and is on target to complete assessments of all LMCH sites by the end of Q2/26. This is an important occurrence impacting LMCH’s overall Facility Condition Index (FCI) score, as the entire portfolio’s assessment data will be uploaded to the VFA database by the end of Q2/26. To test the potential outcome of a fully completed BCA on FCI scores, TT was directed to complete the BCA on two LMCH sites and upload the data ahead of time for review, analysis, and to perform FCI calculations, with the results below.

Asset Name	FCI Before Pilot BCA	FCI After Pilot BCA
Kent	17.40%	4.26%
Dorchester	32.83%	7.61%

A fully completed BCA moved Kent from a Poor to a Good rating and moved Dorchester from a Very Poor to a Fair rating.

Asset Management Plan (AMP)

LMCH’s Asset Management Plan (AMP) was approved by the City of London’s Strategic Priorities and Policy Committee (SPPC) on May 27th, 2025. The AMP as presented, advocates for a Good state of asset condition, while acknowledging that this requires an annual capital investment in LMCH assets of up to \$23.6 million annually over the next 20 years.

The results of the TT pilot provide a reasonable expectation that LMCH’s next AMP update will show a significant positive increase in building condition ratings across LMCH’s portfolio. An annual update to the LMCH AMP is now underway and supported by the City’s Corporate Asset Management (CAM) team. LMCH has aligned its AMP update schedule in 2026 with other City agency timelines, while also ensuring that the results of the 2026 BCA are reflected in the updated AMP, which is why TT has been tasked with completing the BCA by the end of Q2/26. By doing so, LMCH expects to provide a more accurate annual capital investment forecast as part of the multi-year budget cycle due to begin Q3/26.

Additionally, there is a requirement under O.Reg.588 for the City to present an annual report to Council before July 1 each year, providing an update on the City’s Corporate AMP as well as the AMPs of all City Agencies, Boards, and Commissions (ABCs). To meet this requirement, the CAM team prepared a report (2006 CAM Plan Progress Review Report), which was presented to the Strategic Priorities and Policy Committee (SPPC) on May 7, 2026. The report was a high-level technical exercise – covering all ABCs – illustrating how infrastructure gaps have changed since the most recent AMPs, reflecting the impact of budget changes on gaps reported in recent AMPs.

The report, by the City to the SPPC, also noted that more fulsome AMP updates will be provided by all ABC's via ongoing individual AMP updates that CAM is supporting across all ABCs, including LMCH. No mention was made in the SPPC report regarding improvement or otherwise with respect to building condition assessment ratings; this will be reflected in LMCH's fulsome individual AMP update report expected to be completed by Q4/26.

Strategic Initiatives

Regeneration Plan:

In Q1/26, as the Board approved LMCH's Master Regeneration Plan (MRP), LMCH is now engaged in activities to advance projects identified in the first 5 years of the MRP. The following sections outline these activities.

Phase 1 and Phase 2 Reimagine Southdale

In Q1, LMCH received approval from the City of London to secure a \$29,017,950 loan from CMHC for the construction of Phase 1 and Phase 2 Reimagine Southdale. LMCH is currently engaged with a CMHC-licensed Quantity Surveyor (QS) to prepare and submit to CMHC a QS report certifying the equity contribution made by LMCH in the construction of both Phase 1 (complete) and Phase 2 (under construction). It is expected that the first advance of the CMHC loan will be in the \$7m to \$8m range and will be received before the end of Q2/26. Thereafter, a QS report will be submitted to CMHC on a monthly basis to advance loan draws to LMCH monthly. It is expected that the total loan advance by the end of 2026 will be in the \$20m range.

At the time of writing this report, City Finance staff and LMCH staff met and agreed on the process by which the CMHC loan advance amounts will be accounted for. LMCH will receive these amounts directly from CMHC into LMCH's bank account and will reconcile regeneration funds received from the City (via Business Case 21) at year's end with offsetting funds received from CMHC. This will help support LMCH's cash flow and management efforts while also ensuring regeneration funds from the City are available for additional regeneration initiatives.

Phase 3 Reimagine Southdale

An important aspect of the Regeneration Plan is to get projects shovel-ready quickly to meet housing needs and to secure additional funding from sources not currently supporting existing LMCH building construction. Two projects identified in the MRP are best positioned to be shovel-ready, and the one with the greatest likelihood of starting first is Phase 3 Reimagine Southdale.

Phase 3 Reimagine Southdale is another 6-storey building but with a 74 unit count made possible by changing the unit mix to include more 2-bedroom units, and fewer 3 and 4 bedroom units – different from the lower unit counts in both Phase 1 and 2. LMCH entered into a contract with GS Architects in late Q1/26 for architectural services required to bring the project through the Site Plan Approval (SPA) process. It is expected that this will take up to 12 months to complete. LMCH is targeting a Q3/27 start to construction for the project. In order to meet that target timeline, a demolition permit must be applied for and granted ahead of construction. This requires giving tenants in those units to be demolished 12 months' notice to vacate. To meet that required tenant notice timeline, LMCH is planning to bring a recommendation to the board in late Q2/26 or early Q3/26 to advance this project and fund it via the existing regeneration funds provided through Business Case 18.

Ladybrook

The other project identified in the MRP as best positioned to be shovel-ready is Ladybrook. The Ladybrook site is an existing 64-unit housing complex of 4 separate 2-storey buildings consisting of a mix of RGI and affordable multi-bedroom units. It is located at 751 Ladybrook Crescent in the City of London on an expansive property and is a separate entity from LMCH known as Inter-Faith Homes (IFH) Corporation.

IFH functions as a stand-alone corporation. The IFH Board of Directors is made up of a subset of the LMCH Board of Directors. LMCH provides Property Management Services for the site. As Property Manager, LMCH is working closely with the City of London on a potential redevelopment of the site. As part of the options to redevelop the site, the Board is exploring the best options to oversee and fund the redevelopment that could include bringing it into the LMCH portfolio.

The proposed redevelopment will deliver a 211-unit mixed-income community allocated across seven buildings, ranging from two 6-storey multi-unit residential buildings (MURBs), 2 seven unit 2-storey street townhouses, and 3 back-to-back stacked townhouses. This mix diversifies housing forms, creates sensitive transitions to the surrounding neighborhood, and responds to demand for both family and accessible housing.

In Q1/26, the LMCH board approved LMCH issuing an Expression of Interest (EOI) to the development community to assess and evaluate alternative build and funding methodologies, such as Construction Management, Design Build, Integrated Project Delivery, and Public Private Partnerships, for the Ladybrook site. Subsequent to that approval, the IFH board also granted its approval to issue the EOI. LMCH is currently working with City of London staff to prepare the EOI for issuance by the end of Q2/26, with closing and evaluation to take place in Q3/26. It is expected that LMCH will bring a recommendation to the requisite boards to advance Ladybrook, following evaluation of all EOI response submissions, and to fund the project via funding sources (separate from Business Case 21) that may include CMHC and/or Build Canada Homes.

Green Plan:

In late Q4/24, LMCH was notified by the City of London’s Climate Change, Environment, and Waste Management staff of an update report to be delivered to the City of London’s Strategic Priorities and Policy Committee (SPPC) in early Q1/25. The SPPC report was delivered and contained a staff recommendation that the Municipal Council request all Agencies, Boards, and Commissions (ABCs) to:

- Submit individual Climate Action Plans no later than May 31/26, and
- Measure progress on their respective Climate Action Plans every year, beginning with the first measurement period from Jan-Dec/26.

Metrics and further details from the City (specifically the Climate Change Planning, Environment & Waste Management & Infrastructure Department) were expected to be provided to all ABCs – including LMCH – in the form of a draft guidance document prior to the May 31/26 date. This did not occur. In the meantime, LMCH continues to be committed to green initiatives and will continue to engage in projects to promote and deliver GHG reductions and energy savings.

Risk Management Initiatives

Procurement:

Following board approval of LMCH’s new Purchase Authorization Limits (PAL) in Q1, rollout and communication to all staff are underway. Rollout requires workflow process changes within Yardi, and it is expected that these changes will be in place by mid-Q2/26, at which time the new PAL will be fully operational.

LMCH is currently reviewing draft changes to the Procurement Policy and is planning to present the new policy to the board in Q3/26.

Attachment: City of London Asset Management Plan Update

PREPARED and SUBMITTED BY:	STAFF CONTACT:
John Krill Director, Asset Renewal	John Krill Director, Asset Renewal

Strategic Priorities and Policy Committee

To: Chair and Members
Strategic Priorities and Policy Committee

From: Anna Lisa Barbon, CPA, CGA
Deputy City Manager, Finance Supports

Subject: 2025 Corporate Asset Management Plan Progress Review

Date: May 27, 2025

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the report **BE RECEIVED** for information.

Executive Summary

The City of London continues to advance its asset management framework to ensure regulatory compliance, optimize strategic infrastructure investments, enhance service delivery, and address identified infrastructure gaps effectively. This report evaluates progress on the Corporate Asset Management (CAM) Plans for Service Areas as part of regulatory requirement Ontario Regulation 588/17 (O. Reg 588/17). Key focus areas include advancing the CAM program day-to-day operations, extending its practices to Agencies, Boards and Commissions (ABCs), integrating the CAM Plan with the Multi-Year Budget (MYB), and addressing the identified infrastructure gaps from Asset Management Plans (AMPs). These initiatives are foundational to a sustainable infrastructure management strategy and will inform decision-making leading up to the 2027 CAM Plan update and the 2028-2031 MYB.

Linkage to the Corporate Strategic Plan

Council's 2023-2027 Strategic Plan identifies 'Climate Action and Sustainable Growth' and 'Well-Run City' as two of eight strategic areas of focus. The CAM Program supports these strategic areas of focus through supporting the achievement of the following strategic priorities:

1. "London's infrastructure and systems are built, maintained, and operated to meet the long-term needs of the community." which includes:
 - 'The infrastructure gap is managed for all assets' and
 - 'Infrastructure is built, maintained, and secured to support future growth and protect the environment'.
2. "Londoners experience good stewardship, exceptional and valued service" which includes:
 - 'London's finances are maintained in a transparent, sustainable, and well-planned manner, incorporating intergenerational equity, affordability and environmental, social, and governance considerations'.

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- June 18, 2024 Report to Strategic Priorities & Policy Committee - [Asset Management Plans for Agencies, Boards and Commissions](#)
- October 10, 2023 Report to Strategic Priorities & Policy Committee – [2023 Corporate Asset Management Plan](#)
- May 31, 2021 Report to Corporate Services Committee – [Agency, Board, and Commission Asset Management Maturity Assessment Review](#)

2.0 Discussion and Considerations

2.1 Background Context

O. Reg. 588/17, established under the Infrastructure for Jobs and Prosperity Act, 2015, came into effect on January 1, 2018. Given all City of London plans are compliant with O. Reg 588/17, Section 9 of the regulation outlines requirements for an annual review of asset management planning progress. Municipalities are mandated to conduct an annual review of their asset management progress by July 1 each year—starting the year after O. Reg 588/17 is implemented — to assess AMP progress, identify factors impeding the implementation of the AMP, and propose strategies to address impeding factors.

Following the completion of the 2023 CAM Plan and the 2024 Asset Management Plans for the ABCs, this report evaluates the progress of these plans based on four key areas:

- i. Advancing the CAM Program
- ii. Extending CAM Practices to ABCs
- iii. Strengthening integration with the MYB
- iv. Addressing the Infrastructure Gap

2.2 Advancing the CAM Program

The CAM Program provides comprehensive, day-to-day support across all service areas, effectively bridging strategic community goals with operational decision-making. By aligning infrastructure investments with broader municipal objectives, CAM ensures that each investment delivers maximum efficiency and meaningful impact.

In partnership with a dedicated steering committee of City representatives, CAM continues to evolve asset management practices that meet operational demands. The program has successfully met the requirements of O. Reg. 588/17 through the completion of the 2023 CAM Plan and the 2024 ABC Asset Management Plans. Maintaining regulatory compliance remains a key priority and is embedded within the CAM Program's ongoing focus on:

- Providing full-spectrum asset management support across all service areas within CAM's mandate.
- Implementing Microsoft Power BI tools to automate and standardize asset analysis, laying the groundwork for a streamlined 2027 CAM Plan update.
- Enhancing data collection methodologies to improve the accuracy and reliability of asset valuations and condition assessments.
- Incorporating peer best practices, fostering collaboration with other municipalities to tackle shared challenges.
- Advancing data-driven decision-making in lifecycle asset management.
- Maintaining momentum toward the 2027 CAM Plan, ensuring continuous progress and preparedness.

While notable progress has been made, challenges remain—particularly around achieving consistently high-quality asset data. CAM is actively addressing these through automation, better resource allocation, and targeted enhancements to internal data management processes.

Moving forward, the CAM Program will concentrate efforts on service areas that hold the greatest potential for community impact and strategic alignment. This focused approach will not only reinforce the connection between corporate strategy and on-the-ground implementation but also promote long-term infrastructure sustainability, improve service delivery, and bolster the City's resilience and efficiency.

2.3 Extending CAM Practices to ABCs

The City of London remains committed to ensuring that all ABCs achieve compliance with O. Reg. 588/17 and actively participate within the CAM program. The 2020 Asset Management Maturity Assessments identified key strengths as well as opportunities for improvement, informing targeted efforts to integrate ABC asset management practices

effectively into the broader CAM framework. This foundational work culminated in the completion of the 2024 ABC Asset Management Plans (AMPs).

Although progress continues, sustaining consistent engagement and achieving higher maturity levels remains challenging, primarily due to ABC’s need to balance operational demands with furthering asset management practices. Addressing these challenges through targeted engagement and resource planning will be critical in the coming year. Continued collaboration will be essential for developing standardized, efficient, and cohesive asset management practices citywide, promoting long-term sustainability and operational effectiveness.

2.4 Strengthening the CAM Plan’s Integration with Multi-Year Budget

Civic Administration is actively enhancing the integration between the CAM Plan and the MYB through targeted initiatives. Key improvements include the development of advanced prioritization models to better inform capital budget decisions and strengthen the quality and alignment of MYB submissions. CAM has initiated a phased, strategic approach to embed asset management principles into the City’s budgeting framework. This includes supporting a pilot service area as part of the 2026 Budget Update and investigating opportunities to enhance the next MYB service area capital sections to imbed greater linkages to the AMPs.

2.5 Addressing the Infrastructure Gap

Table 1 summarizes the impact of the MYB on the City’s 10-year infrastructure gap required to maintain current levels of service (LOS), initially estimated at \$946.1 million for the CAM Plan reporting period of 2022–2031. This figure has now been reduced to \$698.4 million, reflecting recent updates to lifecycle renewal and service improvement capital budget contributions.

Table 1 - 2025 Budget Update Impact on the CAM Plan Reported Maintained LOS 10-Year Infrastructure Gap (\$000’s)

Service Area	Replacement Value	CAM Plan Maintain LOS Gap (2022-2031)	Current Maintain LOS Gap (2022-2031) ^a	MYB Impact on Gap
Water	7,653,185	None Identified	None Identified	None Identified
Wastewater (Sanitary)	6,759,752	57,685	None Identified	Decreased
Wastewater (Stormwater)	6,335,485	9,158	None Identified	Decreased
Transportation and Mobility	4,761,691	677,525	578,281	Decreased
Parking	7,097	None Identified	None Identified	None Identified
Corporate Facilities	324,320	9,887	None Identified	Decreased
Fleet	70,864	None Identified	None Identified	None Identified
Information Technology	39,697	None Identified	None Identified	None Identified
Culture Services	122,528	1,016	None Identified	Decreased
Waste Management	136,442	None Identified	None Identified	None Identified
Recreation and Sport	533,610	72,430	54,857	Decreased
Parks	236,144	65,719	57,527	Decreased
Forestry	443,083	None Identified	2,668	Increased

^aCurrent Maintain LOS funding gap analysis incorporates the 2025 Budget Update information.

Service Area	Replacement Value	CAM Plan Maintain LOS Gap (2022-2031)	Current Maintain LOS Gap (2022-2031) ^a	MYB Impact on Gap
Emergency Management and Security	9,129	None Identified	None Identified	None Identified
London Fire Department	175,989	41,836	None Identified	Decreased
Municipal Housing and Industrial Development	21,223	None Identified	None Identified	None Identified
Long Term Care	75,631	10,815	5,064	Decreased
Land	759,240	Not Applicable	Not Applicable	Not Applicable
Total	28,465,110	946,071	698,397	

Table 2 summarizes the 2024 AMPs for ABCs for the reporting period 2023 – 2032, which collectively represent over \$1 billion in assets. These plans initially identified a total infrastructure gap of \$221.1 million required to maintain current LOS, which has now been reduced to \$36.7 million. Additionally, at the time of this report, London Middlesex Community Housing (LMCH) is finalizing its 2025 AMP. The LMCH AMP outcomes will be reported separately, identifying further impacts on the citywide infrastructure gap, asset planning, and future budget implications.

Table 2 - Impact of 2024-2027 MYB on the ABC's Reported Maintained LOS 10-Year Infrastructure Gap (\$000's)

ABC's	Replacement Value	ABC's Plan Maintain LOS Gap (2023-2032)	Current Maintain LOS Gap (2023-2032) ^b	MYB Impact on Gap
Argyle BIA	42	None Identified	None Identified	None Identified
Covent Garden Market	55,060	3,013	1,916	Decreased
Eldon House	235	None Identified	None Identified	None Identified
Hamilton Road BIA	142	None Identified	None Identified	None Identified
Hyde Park BIA	132	None Identified	None Identified	None Identified
London Downtown Business Association	223	None Identified	None Identified	None Identified
London Police Services	175,518	94,541	None Identified	Decreased
London Public Library	206,201	24,596	5,892	Decreased
London Transit Commission	510,294	80,062	15,044	Decreased
Museum London	57,559	7,330	6,861	Decreased
Old East Village BIA	44	None Identified	None Identified	None Identified
RBC Place London	107,611	11,563	6,988	Decreased
Total	1,113,061	221,105	36,701	

Key highlights and impacts on the 10-year Infrastructure Gap (by Service Area) include:

^bCurrent Maintain LOS funding gap analysis incorporates the 2025 Budget Update information.

- **Wastewater (Sanitary and Stormwater):** Additional funding includes renewal of Greenway Wastewater Treatment Plant Section 1 and in the construction of renewable energy heating and cooling systems at the Dingman Creek Pumping Station. Further funding examples include assessment and replacement of non-structural culverts, helping to mitigate flood risks associated with future climate-related rainfall events.
- **Transportation:** Additional funding towards lifecycle renewal projects. These investments target roadway, bridges, traffic signals, and street lighting, enhancing community safety, mobility, and accessibility.
- **London Transit Commission (LTC):** Additional lifecycle renewal investments for replacing rolling stock.
- **Recreation and Sport:** Deep energy retrofits are underway at both Kinsmen and Earl Nichols Arenas.
- **Museum London and RBC Place:** Additional elevator-related funding has been approved for both entities.
- **London Police Service:** Additional funding has been approved to support investments necessary for both maintaining and achieving proposed LOS.
- **London Fire Department:** Funding supports a strategic shift to shorten fleet lifecycle replacements from 20 years (17 frontline + 3 spare) to a more efficient 15-year schedule (12 frontline + 3 spare). This proactive approach reduces maintenance costs, prevents unexpected breakdowns, and minimizes downtime, enhancing financial sustainability, stabilizing annual budgeting, and narrowing the infrastructure funding gap.
- **London Public Libraries:** Additional funding for Facilities Maintenance and Improvement. Moreover, planned investments will focus on upgrading technology systems, renovating physical spaces, and enhancing accessibility and energy efficiency across library branches.

City Council has taken proactive measures by establishing the Infrastructure Gap Reserve Fund and mechanisms within policies such as Surplus/Deficit and Assessment Growth to allocate annual one-time contributions to the Infrastructure Gap Reserve Fund. CAM also prepares an annual assessment growth business case to increase contributions to the Capital Asset Renewal and Replacement Reserve Funds to mitigate future growth in the infrastructure gap as new assets are constructed. The CAM program will continuously monitor how these financial strategies influence the infrastructure gap, and a detailed assessment of their impacts will be included in the 2027 AMP update. This approach ensures infrastructure planning remains responsive, financially sustainable, and aligned with desired service outcomes.

Conclusion

The City of London remains committed to strengthening its CAM approach through targeted initiatives, continuous improvement, and active collaboration with Service Areas. The annual review process supports regulatory compliance with O.Reg. 588/17 by systematically tracking progress, identifying implementation barriers, and proactively addressing challenges. Over the coming period, the City will begin preparations for the next comprehensive CAM Plan update due in 2027, setting the groundwork for the 2028–2031 Multi-Year Budget. Continued efforts in engagement, data-driven decision-making, and strategic financial management will further support sustainable infrastructure planning, service optimization, and informed Council decisions.

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Submitted by: Jason Senese, CPA, CGA, MBA
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Recommended by: Anna Lisa Barbon, CPA, CGA
Deputy City Manager, Finance Supports

**CMHC – Q1 2026 Report
FAR-2026-20**

TO: LMCH Finance, Audit and Risk Management Committee

FROM: John Krill, Director Asset Renewal

SUBJECT: CMHC – Q1 2026 Report

DATE: May 11, 2026

PURPOSE:

This report is to provide an update to the LMCH Finance, Audit, and Risk Management Committee on the CMHC Program, and the status of key projects with the allocated budgets representing the secured funding of \$40,136,090 through CMHC.

RECOMMENDATION:

That the LMCH Finance, Audit and Risk Management Committee **RECEIVE** this report for information.

BACKGROUND:

In 2019, LMCH collaborated with CMHC to define projects meeting the CMHC requirements under the Renovation, Repair, and Renew funding program. The program developed by the LMCH team members followed the guidelines of the National Housing Co-Investment Fund “Minimum Environmental & Accessibility Requirements – Repairs and Renewals”. The program requirements included: increasing accessibility in common areas and retrofitting 20% of the total number of units in any building within the program to meet interior accessibility criteria, while also achieving 25% energy savings and GHG reductions by year-end 2027.

On February 25, 2021, CMHC confirmed that the documentation provided by LMCH met the requirements for funding. The City of London (COL), expressing its commitment to the program, agreed to act as guarantor on June 16, 2021.

On November 25, 2021, LMCH and COL executed a loan agreement with CMHC for \$40,136,090. This funding consists of a \$15,533,989 forgivable loan and a \$24,602,101 repayable loan with the COL as guarantor for \$37,000,000.

While the CMHC program sets out the upper limits of funding available as up to \$40,136,090, CMHC also sets out a requirement for a total capital spend by LMCH of

\$68,583,866, which CMHC refers to as the Repair Program Budget. As a result, LMCH must spend an additional \$28,447,776 in capital repairs on its portfolio – over the 7-year life of the CMHC program – to meet this requirement. With 2 years remaining in the program, LMCH has met the requirements for the additional \$28.4m capital expenditure.

Q1 2026 PROJECTS UPDATE:

Project funding is expended within three broad categories: Energy, Accessibility, and Site Improvements. Updates are provided within these categories. Although some projects overlap categories, updates are given within the category where projects are most impactful.

Energy

In Q1/26, the replacement project for hot water tanks was completed by LG Home Comfort at 823 properties throughout the London area, family sites, county, and scattered sites. Installations occurred from January 14th to 30th, 2026, with final testing completed in the first week of February. Included in LG's scope of work was furnace filter replacements and marking basement floors to prevent items from being stored near equipment, ensuring proper air flow and mitigating the risk of fire damage.

Air Source Heat Pumps (ASHP):

The ASHP project at all CMHC high-rise buildings has been tendered with an award recommendation expected in early Q2/26. Lead time for equipment delivery is 16 weeks, allowing the successful contractor to commence electrical and mechanical rough-in at each site, minimizing work required once the equipment has arrived. This will also assist in providing the project team with additional investigation time to ensure existing electrical systems will meet the requirements of the new equipment.

Boiler Replacements:

Award for the design of domestic hot water boiler replacements at Kent and McNay has been made, and it is anticipated that construction drawings for tender will be completed by mid-May/26 with a target construction start of early Q4/26. Boiler replacements at these two sites will provide for greater energy efficiency while replacing outdated equipment.

Bathroom fixture replacements originally scheduled for 2025/2026 are on hold pending further review, as the work required to complete may not have a significant impact on energy targets. Budget reallocations and the required resourcing for energy savings projects are of greater value, redirected toward the existing ASHP project.

Accessibility

In Suite Barrier Free Modifications:

Q1/26 was a strong quarter with 26 units completed at the remaining 4 properties, still below target. The temporary Tenant Placement Coordinator – hired specifically to drive greater unit completions – was successful in encouraging internal tenant relocations to newly modified units. Transfers are encouraged within buildings as it opens up additional units to be modified.

Units Completed Each Quarter														
2024	Q1	Q2	Q3	Q4	2025	Q1	Q2	Q3	Q4	2026	Q1	Q2	Q3	Q4
Total	2	1	20	43	Total	67	64	34	20	Total	26	0	0	0
Avg/Month	0.7	0.3	6.7	14.3	Avg/Month	22.3	21.3	11.3	6.7	Avg/Month	8.7	0.0	0.0	0.0

Following is a summary of key considerations and relevant points per the CMHC accessibility program for each high-rise building site shown:

- Seniors Buildings → The remaining targets to be met are all at seniors buildings: McNay, Kent, Walnut, and Base Line. There was a significant increase in overall vacant units taken for modification at McNay, but less so at Walnut and Base Line (however, these 2 sites are close to meeting target requirements). The 33 units taken for modification in Q1/26 is almost double what was available in Q4/25.
- Adult Buildings → All adult buildings, Simcoe, Dundas, 345 and 349 Wharncliffe have met their CMHC targets for unit modifications.

The table below gives a summary by site of the speed or rate of completion of unit modifications (within a quarter), from the date they are taken on by the CMHC program to the date they are returned to inventory, ready for rental. Anticipated time of completion and the actual completion time can vary considerably across various building locations. This is a function of sub-contractor capabilities, working environment, and supply logistics, to name a few. LMCH monitors these performance characteristics and takes the appropriate actions to shorten completion time frames when and where possible. Nevertheless, contractor average construction timelines are fairly consistent, and any variances in returns to rental are often attributed to the amount of debris removal and ongoing pest treatment required in the units.



Property	Q1/26 Average Elapsed time to anticipated completion date in weeks	Q1/26 Average elapsed time to actual completion date in weeks	Total Units taken Q1/26	Total units completed Q1/26	Total units in construction Q1/26
30 Base line	2 (7)	3 (N/A)	11 (3)	8 (5)	7 (4)
Dundas	N/A (N/A)	N/A (N/A)	0 (N/A)	0 (N/A)	0 (N/A)
Kent	8 (4)	14 (8)	3 (2)	0 (3)	3 (0)
McNay	5 (7)	11 (7)	15 (8)	12 (8)	10 (6)
Simcoe	N/A (N/A)	N/A (N/A)	0 (0)	0 (2)	0 (0)
Walnut	5 (4)	6 (9)	4 (5)	6 (1)	3 (3)
345 Wharnccliffe	N/A (N/A)	N/A (11)	0 (0)	0 (1)	0 (0)
349 Wharnccliffe	N/A (N/A)	N/A (N/A)	0 (0)	0 (0)	0 (0)

Note: Previous to - date performances shown in brackets

The table below details the performance to date as LMCH works towards meeting CMHC program commitments. Trending indicates no risk to meeting unit modification for accessibility targets.

CMHC Overview

Property	241 Simcoe	30 Base Line	202 McNay	85 Walnut	170 Kent	345 & 349 Wharnccliffe	580 Dundas	Total	Row #
Total Unit Modifications Committed to the CMHC Program	35	82	88	75	65	51	20	416	1
Confirmed Completed in 2023	0	2	1	6	0	6	0	15	2
Confirmed Completed in 2024	0	4	11	13	0	18	19	65	3
Confirmed Completed in 2025	35	32	26	26	22	27	1	169	4
Confirmed Completed in 2026	0	9	14	9	2	0	0	34	5
Target for 2026	0	35	36	21	41	0	0	133	6
	Complete					Complete	Complete		
Total Completed to Date	35	47	52	54	24	51	20	283	7 = 2+3+4+5
Current # of Units in Progress	0	10	13	2	1	0	0	26	8
Total Units Remaining to Meet CMHC Commitment	0	25	23	19	40	0	0	107	9 = 1 - (7+8)
Number of units/mth required to complete By Dec. 2026		4	3	3	6				
Current Pace , per month, as of April, 2026:		2.2	3	1.3	0.4				

AODA signage has been completed, with all designated CMHC buildings having new life safety exit signs and unit signage installed. Door naming signs (e.g., Laundry, Lounge, etc) have been installed at Base Line, Kent, and Walnut, with the remaining buildings to be completed in early Q2/26. Directional signage installation in corridors will also be completed in Q2/26. All unit door painting has also been completed.

Site Improvements

Installation of a new playground at Pond Mills will be completed in the first week of May 2026.

In order to allocate funding appropriately, LMCH is currently completing site assessments at each of the CMHC-designated high rises and family sites. This overall outdoor site review at each property is occurring in an effort to develop initiatives that would uplift the grounds, providing greater tenant satisfaction.

At high rises, replacement and installation of new intercom systems is currently being reviewed for incorporation into complete vestibule and lobby refreshes. It is expected that these common area refreshes will continue to drive higher tenant satisfaction, as numerous tenants have already commented positively on the new paint at their entry unit doors and the vast improvement they see and feel.

TENANT IMPACT:

Tenant impact varies from project to project. However, every precaution is taken to provide ample information and notice to tenants beforehand. For example, notices of projects are sent to tenants 60 days in advance to provide information on the general impact, anticipated disruptions, and the scope of the project. As the project commencement ramps up, updates are provided to the tenants. For more complex projects, information sessions may be held to provide one-on-one details of the project. Also, tenants are provided with contact details to ask any questions via email.

FINANCIAL IMPACT:

LMCH continues to complete monthly drawdown submissions to CMHC, with a funding response within 10 working days of receipt.

CMHC Draw Down Status at the end of Q1/26:

Draws 1 – 33 Received	Repayable 61%	\$1 \$14,479,793
	Forgivable 39%	\$ 9,224,787
Draw 34 CMHC processing	Repayable 61%	\$254,016
	Forgivable 39%	\$162,404
Total		\$24,121,000

LEGAL IMPACT / RISK MANAGEMENT:

- 1) All tender responses for construction projects require the submission of WSIB, insurance, and any relevant certificates. Projects are reviewed individually for surety and bonding requirements.

- 2) Updated project-specific abatement plans prepared by Pinchin are included in tender requests.

- 3) Excess soil regulation 406/19 came into effect in January 2023. Under this regulation, soil testing can be required for the dumping of "excess soils" when completing excavation works. Due to the large volume of paving works occurring, awareness of additional costs from soil contamination is raised, and mitigation steps are taken as necessary and where possible.

PREPARED and SUBMITTED BY:	STAFF CONTACT:
John Krill Director, Asset Renewal	Wendy Groves Construction and Project Manager (CMHC Program)

Reimagine Southdale – Q1 2026 Report
FAR-2026- 21

TO: LMCH Finance, Audit and Risk Management Committee

FROM: John Krill, Director Asset Renewal

SUBJECT: Reimagine Southdale Phase 1 – Q1 2026 Report

DATE: May 11, 2026

PURPOSE:

This report is to provide an update to the LMCH Finance, Audit, and Risk Management Committee on the Reimagine Southdale project, Phase 1.

RECOMMENDATION:

That the LMCH Finance, Audit and Risk Management Committee **RECEIVE** this report for information.

BACKGROUND:

LMCH has been collaborating with the City of London since 2019 to define program requirements for Reimagine Southdale, developing sustainable, comprehensive site regeneration plans to be staged over a multi-year period while minimizing tenant impact.

In March of 2021, LMCH engaged a local Architecture firm to complete concept drawings, concentrating on preliminary design. These drawings were utilized to engage internal and external stakeholders to progress the overall design and project goals. In October of 2021, procurement was completed to secure an Architect for Reimagine Southdale. CGS Architects was selected as the Architect of record for Reimagine Southdale Phase 1.

During the period following the Architectural award, LMCH and its design team worked with the City of London to secure approval of a Zoning Bylaw Amendment and Site Plan Approval Demolition Permit, which allowed a Request for Quotation (RFQ) to be issued in August 2023 to prequalified General Contractors for Phase 1. GC's submitted bids to complete the scope of work for Phase 1 which included: a six-story 53-unit building with community use space over much of the ground floor; multiple 1-, 2-, 3- and 4-bedroom units; 20% barrier-free units; surface parking; landscaping improvements; demolition of 18 existing townhouse units; improvements on 103 townhouse units (new siding, landscaping, hardscape). In October 2023, Jackman Construction was awarded the GC contract for Phase 1 as approved per FAR Staff Report 2023-51.

Q1 PROJECT UPDATE:

Substantial completion of the Phase 1 building was received on July 11, 2025. This date also represents the start of the one-year warranty period. Jackman is working diligently with LMCH and through its subcontractors to correct deficiencies identified in the building. There are 3 significant deficiencies, however, that warrant more attention, and these are outlined below.

1) Heat Pumps

Each one of the 53 units in Phase 1 is heated in winter and cooled in the summer via a Unilux heat pump. These units operate individually as part of a wider system throughout the building as a high-efficiency, water-sourced system designed for high-rises, using a closed water loop to extract heat for warming or reject it for cooling. The units in Phase 1 feature an integrated Energy Recovery Ventilator (ERV) to improve air quality and efficiency. The units are connected to a building-wide water loop. During winter, they extract heat from this loop to warm the air. During summer, they move heat from the suite back into the water loop.

Issues with the heat pumps failing started in October 2025. Each unit was inspected and repaired, and since then, only a few issues have arisen recently (see below). The initial issues ranged from missing panel screws and inadequate gaskets preventing proper pressure sealing to failed component parts. To ensure tenant satisfaction going forward, LMCH requested and was granted a 5-year extended warranty on parts and labour.

Two Recent issues:

- A unit experienced failed components, and the heat pump was replaced. This has been attributed to a manufacturer's defect.
- A second unit experienced a fault in temperature sensing/reading that was subsequently cleared, but the reason for the fault was not identified. The manufacturer is monitoring the situation to determine if further investigation is required.

2) Make Up Air Units

Make-up air units (MAU) function by drawing in 100% fresh, untreated outside air, filtering it, and conditioning (heating or cooling) it before introducing it into a building. In the case of Phase 1, the MAU units are meant to treat and replace air in common areas (corridors, meeting rooms, etc) throughout the building. When the heating season started, the MAU units failed sporadically. The failures were related to room sensors not operating properly or located incorrectly, and the Building Automation System (BAS) set points not electronically conversing properly with equipment sensors.



It has taken most of the heating season to date to bring these issues to a satisfactory conclusion. However, because the entire MAU system has not yet gone through a complete heating season, LMCH requested an extended warranty on all related equipment. The GC has instead agreed that the one-year parts and labour warranty will commence only once the MAU system is fully operational, having gone through one complete multi-season operational cycle. With this measure in place, LMCH will be assured during the following heating season that all failure issues have been resolved. To ensure this is the case, the GC has replaced its incumbent mechanical subcontractor with an alternate who has greater expertise in this type of MAU system. As of the writing of this report, the new sub-contractor is reviewing design, specifications, and installation integrity while making system adjustments as necessary.

3) Roof Leaks

Four roof leaks were experienced on the 6th floor, 2 in tenant units and 2 in the corridor outside the tenant units. The roof leaks manifested themselves during a significant rainstorm in November 2025. The GC completed remedial work on the roof seams, and to date, we have not registered any additional leaks on the main roof. However, roof leaks in the Mechanical Penthouse were experienced in March, 2026. The GC affected repair patches on the Penthouse roof, and no further leaks have been experienced to date there. LMCH continues to monitor this with daily site inspections during periods of rain.

FINANCIAL IMPACT:

On January 26, 2023, the City of London approved the 2023 Budget Amendment #P-9, allocating \$30M to LMCH to start the LMCH Regeneration plan/process, of which Phase 1 of Reimagine Southdale is a key first new construction step. Total projected spend for Phase 1 construction is \$27.6m, taking into account the number of credits expected to be received from various sources (e.g. returned civil security deposit, insurance claim). As a result, LMCH expects in the range of \$1.5m available for further regeneration (e.g. seed monies) following completion of Phase 1 Reimagine Southdale.

Phase 1 Construction Budget Status to end of March 2026:

	DESCRIPTION	PHASE 1 Budget	Phase 1 - Spent to date March 31, 2026	Phase 1 - Projections	Bud minus Spent	Bud minus Projection
1	Soft Cost - CGS - Prime Architect and sub consultants	\$ 1,117,000.38	\$ 1,151,280.04	\$ 1,150,000.00	-\$ 34,279.66	-\$ 32,999.62
2	Soft Cost - Consultants and LMCH Salary's	\$ 857,962.16	\$ 686,000.00	\$ 700,000.00	\$ 171,962.16	\$ 157,962.16
3	COL Planning and Permit Fees	\$ 1,268,441.42	\$ 18,730.04	\$ 18,730.04	\$ 1,249,711.38	\$ 1,249,711.38
4	Expeditures prior to March 2021 (Prior to SR Start Date at LMCH)	\$ 292,228.00	\$ 292,228.00	\$ 292,228.00	\$ -	\$ -
5	Construction Cost New Build	\$ 21,433,000.00	\$ 21,433,000.00	\$ 21,200,000.00	\$ -	\$ 233,000.00
6	Construction Cost Existing Townhouse renovations	\$ 2,371,400.00	\$ 2,371,400.00	\$ 2,371,400.00	\$ -	\$ -
7	Contingency Construction (Change Orders)	\$ 1,190,220.00	\$ 1,871,239.61	\$ 1,871,239.61	-\$ 681,019.61	-\$ 681,019.61
8	Kalos engineering remediation (included in CO Total)			-\$ 241,891.79	\$ -	\$ 241,891.79
9	Effective HST - 1.7602%	\$ 419,005.05	\$ 419,005.05	\$ 419,005.05	\$ -	\$ -
10	LMCH - Inspection and Testing Allowance	\$ 100,000.00	\$ 45,161.03	\$ 45,161.03	\$ 54,838.97	\$ 54,838.97
11	FFE - Appliances	\$ 160,000.00	\$ 119,507.85	\$ 119,507.85	\$ 40,492.15	\$ 40,492.15
12	FFE - Furniture, desks, chairs, tables	\$ 40,000.00	\$ 69,524.33	\$ 75,000.00	-\$ 29,524.33	-\$ 35,000.00
13	Printing, presentation rendering, banners, animations	\$ 10,000.00	\$ 2,456.45	\$ 3,000.00	\$ 7,543.55	\$ 7,000.00
14	Debris Removal & General site work	\$ 10,000.00	\$ 18,869.02	\$ 18,869.02	-\$ 8,869.02	-\$ 8,869.02
15	Ross Towing	\$ 5,000.00	\$ 5,773.33	\$ 5,773.33	-\$ 773.33	-\$ 773.33
16	Ground Breaking Phase 1	\$ 7,000.00	\$ 5,773.33	\$ 6,500.00	\$ 1,226.67	\$ 500.00
17	Enbridge Savings by Design (Credit)	-\$ 50,000.00	-\$ 50,000.00	-\$ 50,000.00	\$ -	\$ -
18	CMHC - Seed Funding (Credit)	-\$ 103,000.00	-\$ 103,000.00	-\$ 103,000.00	\$ -	\$ -
19	COL Civil Security Deposit made	\$ 370,815.00	\$ 370,815.00	\$ -	\$ -	\$ 370,815.00
20	COL Civil Security Deposit returned	-\$ 370,815.00	\$ -	-\$ 278,111.25	-\$ 370,815.00	-\$ 92,703.75
	Total	\$ 29,128,257.01	\$ 28,727,763.08	\$ 27,623,410.89	\$ 400,493.93	\$ 1,504,846.12

Phase 1 Change Order Status to end of March 2026:

Change Order No.	Amount
01	\$21,585.84
02	\$ 4,375.92
03	\$ 5,789.61
04	\$43,535.60 (Credit)
05	\$14,304.82
06	\$4,187.00 (Credit)
07	\$5,861.23
08	\$280,686.38 (Credit)
09	\$15,017.87
10	\$9,766.29
11	\$278.50 (Credit)
12	\$ 58,541.47
13	\$ 2,312.92
14	\$ 17,692.00
15	\$ 8,214.84
16	\$ 14,820.51
17	\$ 11,942.99
18	\$ 318.61
19	\$ 67,626.94
20	\$281,619.77
21	\$ 26,551.89
22	\$ 25,853.42
23	\$ 50,372.05



24	\$ 7,287.31
25	\$ 80,439.44
26	\$12,985.74
27	\$35,666.51
28	\$213,090.97
29	\$11,720.92
30	\$24,676.71
31	\$16,579.93
32	\$46,631.78 (Credit)
33	\$ 10,711.43
34	\$109,026.19
35	\$ 24,200.95
36	\$113,185.81
37	\$ 21,833.23
38	\$ 20,601.79
39	\$ 11,168.91
40	\$ 11,362.14
41	\$ 6,203.95
42	\$ 21,702.18
**43	\$284,283.70 (Kalos)
44	\$ 83,234.24
45	\$ 51,565.84
46	\$ 53,490.21
47	\$ 6,848.20
48	\$320,030.95
49 – Car Accident-Temp Work	\$ 6,519.31
50	\$ 45,573.82
Total Change Orders to end of March/ 2026	\$ 1,871,239.61
Total Construction Value (Jackman Construction)	\$23,804,400.00
GC Invoiced to Contract to end of March / 26	\$25,630,065.79

** Partial credit for CO43 (Kalos) has been received from Kalos’ insurer in the amount of \$241,891.79 – representing full and final release – with the balance of approximately \$42k being partially recovered through CGS reduced billings on Phase 3 in the amount of approximately \$24k. The \$241,891.79 recovery reduces the total change orders of \$1.871m shown in the table above to \$1.629m.

PREPARED and SUBMITTED BY:	STAFF CONTACT:
John Krill Director, Asset Renewal	Scott Robertson Construction Project Manager (Reimagine Southdale)

Reimagine Southdale – Q1 2026 Report
FAR-2026-22

TO: LMCH Finance, Audit and Risk Management Committee

FROM: John Krill, Director Asset Renewal

SUBJECT: Reimagine Southdale Phase 2 Q1 2026 Report

DATE: May 11, 2026

PURPOSE:

This report is to provide an update to the LMCH Finance, Audit, and Risk Management Committee on the Reimagine Southdale project, Phase 2.

RECOMMENDATION:

That the LMCH Finance, Audit and Risk Management Committee **RECEIVE** this report for information.

BACKGROUND:

LMCH has been collaborating with the City of London since 2019 to define program requirements for Reimagine Southdale, developing sustainable, comprehensive site regeneration plans to be staged over a multi-year period while minimizing tenant impact.

In March of 2021, LMCH engaged a local Architecture firm to complete concept drawings, concentrating on preliminary design. These drawings were utilized to engage internal and external stakeholders to progress the overall design and project goals. In October of 2021, procurement was completed to secure an Architect for Reimagine Southdale. CGS Architects was selected as the Architect of record for Reimagine Southdale Phase 2.

During the period following the Architectural award, LMCH and its design team worked with the City of London to secure approval of a Zoning Bylaw Amendment, Site Plan Approval, and Demolition Permit, which allowed a Request for Proposal (RFP) to be issued in May 2025 to source a General Contractor for Phase 2. Seven GC's submitted bids to complete the scope of work for Phase 2, which included: construction of a six-story 53-unit building with LMCH office space over much of the ground floor; multiple 1, 2, 3, and 4-bedroom units; 20% barrier-free units; surface parking; landscaping improvements; and demolition of 25 existing townhouse units. In June 2025, Norlon Builders was awarded the General Contractor contract for Phase 2.

Q1 PROJECT UPDATE:

Three floors of the superstructure were completed, with walls under construction in preparation for the fourth-floor core slab installation. Site civil works and rough-ins for electrical and mechanical were ongoing.

At the time of writing this report, work is ongoing in preparation for the sixth-floor core slab installation.

Phase 2 Milestones Schedule:

Milestone	Start Date	Delivery Date
Board Approval of Architect CGS	June 20, 2024	
Zoning Bylaw Amendment	Approved March / 25	
Site Plan Approval documentation to COL	October 21, 2024	Approved May / 25
Additional Funding (CMHC) Application	September / 24	Conditional Approval July /25
Tenants Vacate Townhouses Slated for Demo	July / 24	Complete January / 25
Demolition Permit (25) Units	January / 25	Received April / 25
Site Plan Approval	October / 24	Received April / 25
Foundation Building Permit	March / 25	Foundation Permit Received April / 25
Shell Permit	March / 25	Received July / 25
Building Permit	October / 24	Received March 2, 2026
RFP for General Contractor	April 11, 2025	May 14, 2025 (closed)
Board Approval of Phase 2 General Contractor	June 19, 2025	
Phase 2 Demolition / Construction Start	July 7, 2025	
Phase 2 Completion (LMCH Takeover)	July 14, 2027	

TENANT IMPACT:

Early on, LMCH recognized that consistent tenant communication and engagement are crucial throughout this regeneration project. To support this, LMCH created a communication strategy and plan to guide key messaging, engage with tenants, and gather feedback for the project. Important elements of the plan are grounded in the goals of the project. Key audiences have been identified, and community engagement to gather feedback is ongoing. Notices are issued regularly to tenant mailboxes to keep the information pipeline current as issues impacting tenant satisfaction arise.

The size of the construction site for Phase 2 was larger than anticipated, reducing some parking on site and requiring the movement of a garbage enclosure. moving some garbage enclosures. Parking on site, a large bin garbage repository, and pickup remain a challenge on the site. The lone north entrance to the Southdale family site is utilized by both construction crews, site service vehicles (e.g. garbage pickup trucks), and tenants. With increased construction activity, this has created congestion and made it difficult for garbage trucks in particular to pick up two large garbage bins utilized by tenants within that area, who also have to travel further than before to deposit their garbage. To alleviate this, LMCH is creating a new entrance off Southdale – that will eventually be the Phase 3 site entrance – for use by tenants and site service vehicles only (e.g. the two impacted garbage bins will be relocated closer to this new entrance). Construction crews will be the sole users of the current entrance, reducing congestion on the site overall and making it easier for tenants to park.

FINANCIAL IMPACT:

On March 1, 2024, the City of London approved the 2024 Budget Amendment #P-21, allocating \$32.5m to LMCH to start the LMCH Regeneration plan/process, of which Phase 2 of Reimagine Southdale is the next construction step. Total projected spend for Phase 2 construction is budgeted at just over \$29m. Currently, the projected spend is expected to come in at \$25.9m in large part due to lower GC costs, soft costs, and development charges waived by the City of London. The result is that LMCH expects in the range of \$3m available for further regeneration (e.g., seed monies) following completion of Phase 2 Reimagine Southdale.

At the end of March 2026, total Phase 2 project spending is approximately 30% of the budget, while being 9 months into a 24-month construction schedule.

Phase 2 Construction Budget Status to end of March 2026:

	DESCRIPTION	PHASE 2 Budget	Phase 2 - Spent to Date March 31, 2026	Phase 2 - Projections	Bud minus Spent	Bud minus Projection
1	Soft Cost - CGS - Prime Architect and sub consultants	\$ 808,390.00	\$ 725,623.69	\$ 808,390.00	\$ 82,766.31	\$ -
2	Soft Cost - Consultants and LMCH Salary's	\$ 750,000.00	\$ 256,000.00	\$ 450,000.00	\$ 494,000.00	\$ 300,000.00
3	COL Planning and Permit Fees	\$ 1,369,916.73	\$ 67,505.07	\$ 75,000.00	\$ 1,302,411.66	\$ 1,294,916.73
4	Construction Cost New Build	\$ 23,499,585.00	\$ 5,882,068.70	\$ 22,437,785.00	\$ 17,617,516.30	\$ 1,061,800.00
5	Contingency Construction (Change Orders)	\$ 1,409,975.10	\$ 921,641.67	\$ 1,000,000.00	\$ 488,333.43	\$ 409,975.10
6	Effective HST - 1.7602%	\$ 480,867.14	\$ 480,867.14	\$ 480,867.14	\$ -	\$ -
7	LMCH - Inspection and Testing Allowance	\$ 110,000.00	\$ -	\$ 60,000.00	\$ 110,000.00	\$ 50,000.00
8	FFE - Appliances	\$ 175,000.00	\$ -	\$ 175,000.00	\$ 175,000.00	\$ -
9	FFE - Furniture, desks, chairs, tables	\$ 100,000.00	\$ -	\$ 100,000.00	\$ 100,000.00	\$ -
10	Printing, presentation rendering, banners, animations	\$ 10,000.00	\$ -	\$ 2,000.00	\$ 10,000.00	\$ 8,000.00
11	Pre-construction Costs	\$ 298,352.25	\$ 298,352.25	\$ 298,352.25	\$ -	\$ -
	Total	\$ 29,012,086.22	\$ 8,632,058.52	\$ 25,887,394.39	\$ 20,380,027.70	\$ 3,124,691.83

Phase 2 Change Order (CO) Status to end of March 2026:

Change Order No.	Amount
CO-01	\$ 18,914.18
CO-02	\$ 49,257.64
CO-03	\$ 2,730.00
CO-04	\$ 50,125.06
CO-05	\$ 34,707.75
CO-06	\$ 13,072.50
CO-07	\$ 55,578.11
CO-08	\$ 69.69 (Credit)
CO-09	\$106,296.93
CO-10	\$194,908.88
CO-11	\$ 19,627.23
CO-12	\$ 92,983.43
CO-13	\$ 12,364.09
CO-14	\$ 89,915.72
CO-15	\$ 31,970.99
CO-16	\$138,529.92
CO-17	\$ 10,728.93
Total Change Orders to end of March / 26	\$ 921,641.67
Total Construction Value (Norlon Builders)	\$22,437,785.00
GC Invoiced to Contract to end of March/ 26	\$ 5,882,068.70

COs in Phase 2 are mostly associated with learnings from Phase 1 that manifested after the Phase 2 construction tender closed, or are a result of unforeseen conditions encountered during construction. Below is a breakdown of the 5 highest value COs listed above, representing 67% of the total CO value to date.

CO-09 - \$106,296.93 – Cost associated with laundry room HVAC and electrical revisions to add heat pumps to 5 laundry rooms for space cooling. This is a learning from Phase 1, where it was discovered that laundry rooms there have no cooling capabilities and are very hot in the summer months.

CO-10 - \$194,908.88 – Cost associated with kitchen exhaust and sink revisions. The City of London allowed the use of charcoal filters for oven exhausts in Phase 1. However, for Phase 2, they informed LMCH (post Phase 2 tender) that exhaust outside was required in every unit’s kitchen. LMCH also initiated a change to kitchen sinks as a result of learnings from Phase 1 to add larger double sinks to all kitchens.

CO-12 - \$ 92,983.43 – Cost associated with adding ceramic tile in unit washrooms. This is a learning change from Phase 1, where it was noted that luxury vinyl tile was susceptible to leakage to units below, whereas ceramic tile offers greater protection against leakage in wet areas.

CO-14 - \$ 89,915.72 – Cost associated with temporary site lighting required as a result of light poles – in series – removed during demolition work. Also, revisions to millwork and electrical at the main office reception and intake areas were required as a result of a design coordination misunderstanding in the review of shop drawings.

CO-16 - \$138,529.92 – Cost associated with Security and Access controls. This is a learning from Phase 1, where it was discovered that additional cameras were required, and also to increase the Cash Allowance (CA) set aside for this work, as it was found (post Phase 2 tender) that the CA for Phase 2 was set too low.

Although the current Change Order value of \$922k in Phase 2 is greater than the value of Change Orders experienced in Phase 1 at this point in construction, it is not expected that the \$1.4m in budgeted contingencies will be exceeded at project end.

PREPARED and SUBMITTED BY:	STAFF CONTACT:
John Krill Director, Asset Renewal	Scott Robertson Construction Project Manager (Reimagine Southdale)