End of Mortgage Strategy

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The History

- Initial operating agreement between housing provider and Province
- Responsibility downloaded from Province to Region in 2002
- Required to follow rules set out in Social Housing Reform Act (SHRA), now Housing Services Act (HSA) which replaced operating agreements
- End of Mortgage (EOM) – mortgages for housing providers under the HSA are ending and fully paid between now and 2030

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End of Mortgage

EOM Regulations

Ont. Reg. 241/22 and 242/22

- Recognizes Service Manager as the funder
- Legislation enables Service Manager to collaborate with providers
- Protects current RGI tenants
- Protects investment in community housing
- Does not increase funding requirements and service level standards (# of units)

The Niagara EOM Strategy

Strategy Principles

- Incentivise non-profit and co-operative housing providers to remain within the community housing portfolio
- Provide funding for capital repairs
- Support service and exit agreement negotiations
- Development of a financial plan
- Foster a continued relationship with housing providers
- Support New investment in community housing within Niagara as directed by the Consolidated Housing Master Plan Initiatives

Housing Services Financial Model – 20 Years

- Legislated operating costs decreasing up to 2030 when all providers will have reached EOM
- Loss of fixed federal funding associated with these providers
- Estimated opportunity for reinvestment - $70 million
- Upper levels of government funding - $109 million
- 2025 and 2026 proposed base budget funding increase of $689k - $25 million

Community Housing Investment Opportunities

Total investment opportunity for community housing is estimated at $204 million

- Capital needs of housing providers ($65 million)
- Balance of funding available will help support Niagara Region's Housing Masterplan initiatives for the development of new affordable housing units and/or rent supplement agreements with new developments

Service and Exit Agreements

What is contained in a Service agreement?

- Ensures existing units receive sustainable funding
- Allows additional funding to keep projects in a satisfactory state of repair
- Provides other types of housing assistance
- Allows new housing providers to enter the system

What is contained in an Exit agreement?

- Housing providers to ensure existing tenants are not displaced and rent assistance continues for these households
- Preserves public investment in community housing buildings

What if no agreement is in place?

- HSA requirements still apply, even after mortgage paid off (RGI, reporting, etc.)
- Region responsible for funding and administering as per HSA

Service Agreement Framework

Service agreement provides funding for existing RGI units, maintains general affordability, and addresses operating and capital needs

Includes a financial model that is viable and keeps buildings in a satisfactory state of repair

Standard Terms

- 20-year agreement
- Funding level ensures revenues equal expenses with reasonable surpluses
- Investment for capital needs
- RGI units filled through Region's wait list

Negotiable Terms

- Number of targeted RGI units
- Specific details of financial plan

Housing Provider Financial Forecast

- Key component of the Service agreement
- Developed jointly by the Service Manager and housing provider
- Ensure funding will support operational and capital repair needs based on Building Condition Assessments
- Forecasts/assesses long-term financial viability of provider over a 20 year period

Exit Agreements

The Exit agreement must include:

- An ongoing accommodation of households living in the housing project
- Redevelopment of the project by the existing or another housing provider

  and/or

- Proceeds for the sale of the project reinvested into affordable housing

Questions?