

Service Manager Review of End of Mortgage Strategies

To conduct a comprehensive review and gain a greater understanding of strategies employed, the following jurisdictions were involved in the discussion: Region of Waterloo, Haldimand-Norfolk Country, City of Hamilton, City of London, Oxford County, and Wellington County. Each municipality has tailored its approach to ensure the long-term viability and sustainability of affordable housing while addressing specific local needs. The high-level themes and common strategies observed across these regions as well as information gained through sharing circles are described below. Many of which have been incorporated in the Niagara Region EOM Strategy.

Proactive Planning and Strategy Development: Many municipalities such as Region of Waterloo, Oxford County, and the City of Hamilton, have developed comprehensive EOM strategies, and incorporated financial analyses and stakeholder engagement to ensure a smooth end-of-mortgage transition.

Financial Viability and Sustainability: All Regions emphasized the need for financial viability. This includes developing new funding models, exploring various funding options such as RGI subsidies, operating subsidies, capital grants, and loans or refinancing options to maintain the affordability and sustainability of housing projects. The most important is the need for continued financial support, such as OPHI and COCHI funding from upper levels of Government.

Provider Engagement and Support: Engagement with housing providers was a critical component. Many regions provided resources such as toolkits, workshops, and ongoing support to housing providers to help them navigate the EOM transition and ensure they continue to offer affordable housing.

Maintaining and Maximizing Affordable Housing: A common goal is to maintain deeply affordable housing units. Strategies to be used when negotiating new service agreements include exploring rent adjustments, and ensuring long-term capital and operational sustainability to keep housing providers engaged.

Tailored Approaches to Local Needs: Each municipality has adapted its strategy to local contexts and challenges. For instance, the City of Kingston focuses on preserving units for vulnerable populations, while Oxford County uses Hamilton's strategy as a reference to develop a consistent funding approach across its system.

The EOM strategies across these municipalities demonstrate a strong commitment to maintaining affordable housing and ensuring the financial and operational sustainability

of housing providers. These strategies are critical for supporting vulnerable populations and sustaining the affordable housing stock in the long term.

Municipalities across Ontario are at various stages with their EOM readiness, however, many of the tailored approaches across various Regions include:

Interim Annual Subsidy Entitlement: To prevent negative impacts on housing providers during the transition, some Regions have introduced the Interim Annual Subsidy Entitlement process. This process ensures continued funding while working towards service or exit agreements. Housing charges are determined using 2023 actual market rents or benchmarks, and negative operating costs have been eliminated. Property taxes where applicable, and transfers to capital are included in expenses.

Long-Term Vision and Opportunities: Municipalities are taking a forward-looking approach by considering 10-year or 20-year outlooks to identify new opportunities and establish a clear vision for future service agreements.

Individualized Approach: A common theme is that housing providers are approached on an individualized basis. Providers receive a financial viability analysis and cost-benefit analysis tailored to their specific situations.

End of Mortgage Readiness: Service Managers are working on their communication strategies and are including an End of Mortgage Readiness Guide to equip their boards of directors with the necessary information to make informed decisions about the end of their mortgages. These guides also focus on key indicators that demonstrate organization readiness for EOM. Service managers are encouraging providers to contact their sector organizations such as ONPHA and CHF who have prepared many tools for readiness for providers.

Service Agreements: In 2022 a technical table was created made up of service managers to create suggested terms and conditions for service agreement. This basic agreement has then been modified to fit various municipalities needs. These agreements provide funding options for existing Rent-Geared-to-Income (RGI) units, maintain general affordability, and addressed both operating and capital needs. The agreements include a negotiable financial plan to ensure the buildings are kept in good repair and achieve long-term financial viability.

Exit Agreements: Another option is the establishment of exit agreements, where the Region and the housing provider collaborate to create a plan for exiting the current arrangement. This may involve selling, divesting, or continuing to operate as affordable housing. Prerequisites for this option include housing provider demonstrating long-term financial viability providing RGI subsidies for existing RGI households, having a fully constituted board with strong practices, meeting the requirements of the Cooperative

Corporations act and the Ontario Non-Profit Corporations Act, having a capital management plan, and understanding the impacts of HST and non-profit status.

Community Housing Succession Strategy: This strategies across the province encompass housing provider engagement, the development of policies and tools, and the engagement of an advisory committee to guide the process.

Delegated Authority: In many instances the Commissioner or Director has been delegated the authority to finalize both exit agreements and service agreements.