

Information Session Community Housing Partnership Renewal End of Mortgage

1.0 Information Session Context

On November 21st, 2023, City of Toronto (“City”) staff held an Community Housing Partnership Renewal (“CHPR”) End of Mortgage (“EOM”) Information Session for housing providers at North York Memorial Hall. The City retained Housing Services Corporation (“HSC”) as a third-party facilitator to support the information session, communication and engagement with housing providers who are impacted by end of mortgage.

The City actively partnered with sector organizations, Co-operative Housing Federation of Toronto (“CHFT”), the Ontario Non-Profit Housing Association (“ONPHA”). CHFT and ONPHA provided comprehensive presentations to housing providers explaining the supports and resources available to them through their organizations as they plan for end of mortgage.

1.1 Objectives

The Information Session was an opportunity to provide housing providers with information on the legislative changes, discuss the Board’s role in planning for end of mortgage, and review next steps on how to manage in a post-mortgage environment.

The objectives of the Information Session were to:

1. Inform housing providers of the new community housing regulatory framework- (*Housing Services Act, 2011 - Part VII.1*) and review the regulations specific to end of mortgage;
2. Set the overarching messaging in relation to the City’s intent and direction under the new community housing renewal framework;
3. Highlight the level of preparedness and readiness required of housing providers;
4. Create an interactive discussion space to enable housing providers to identify areas of EOM planning readiness and preparedness;
5. Communicate the City’s approach to engaging with housing providers through the EOM planning process; and
6. Highlight the supports and services offered by sector partners to assist housing providers in their planning process.

1.2 Engagement Approach

Housing providers with a project mortgage expiring prior to December 31, 2027 have a foremost interest in EOM and were invited to the session on November 21, 2023.

The City is planning future information sessions with housing providers who have a project mortgage expiring after December 31, 2027. The City will be planning further opportunities to share information in the 2024 calendar year.

1.3 Attendance

There was a total of 49 unique housing providers invited to the Information Session based on their EOM date. The Information Session was attended by 63 people, representing 35 (71%) unique housing providers.

2.0 Breakout Session

The afternoon portion of the Information Session included a breakout session that was dedicated to supporting housing providers in taking a detailed look at their organization's operations, finances, asset management and governance. To help facilitate in-depth discussions, Housing Consultants from the City facilitated the breakout sessions in small groups, with approximately 5-6 attendees per table. The breakout session was intended to be practical, with a focus on identifying what assistance the City can provide to address any information gaps.

The specific objectives of the breakout session were for the City to be able to:

1. Identify and understand community housing providers current, as well as post EOM needs relating to their housing project;
2. Identify how the City may best support housing providers in preparing for EOM;
3. Be informed of program, policy and administrative flexibilities for consideration for Service Agreement discussions; and
4. Draw on the views and experience of housing providers to further engage them in their EOM planning process.

The breakout session was divided into 3 activities, as further summarized below.

3.0 Breakout Session Activity A

Activity A asked housing providers to answer:

1. What does 'end of mortgage' mean to you? What comes first to your mind?

Key Observations:

1. 36% of respondents associated EOM with strategic, financial and capital planning.
2. 14% of respondents associated end of mortgage with governance and succession planning.
3. 13% of respondents associated EOM with opportunity for organizational advancement and growth.
4. 13% of respondents associated EOM with lots of work and change, in addition to feelings of being overwhelmed.

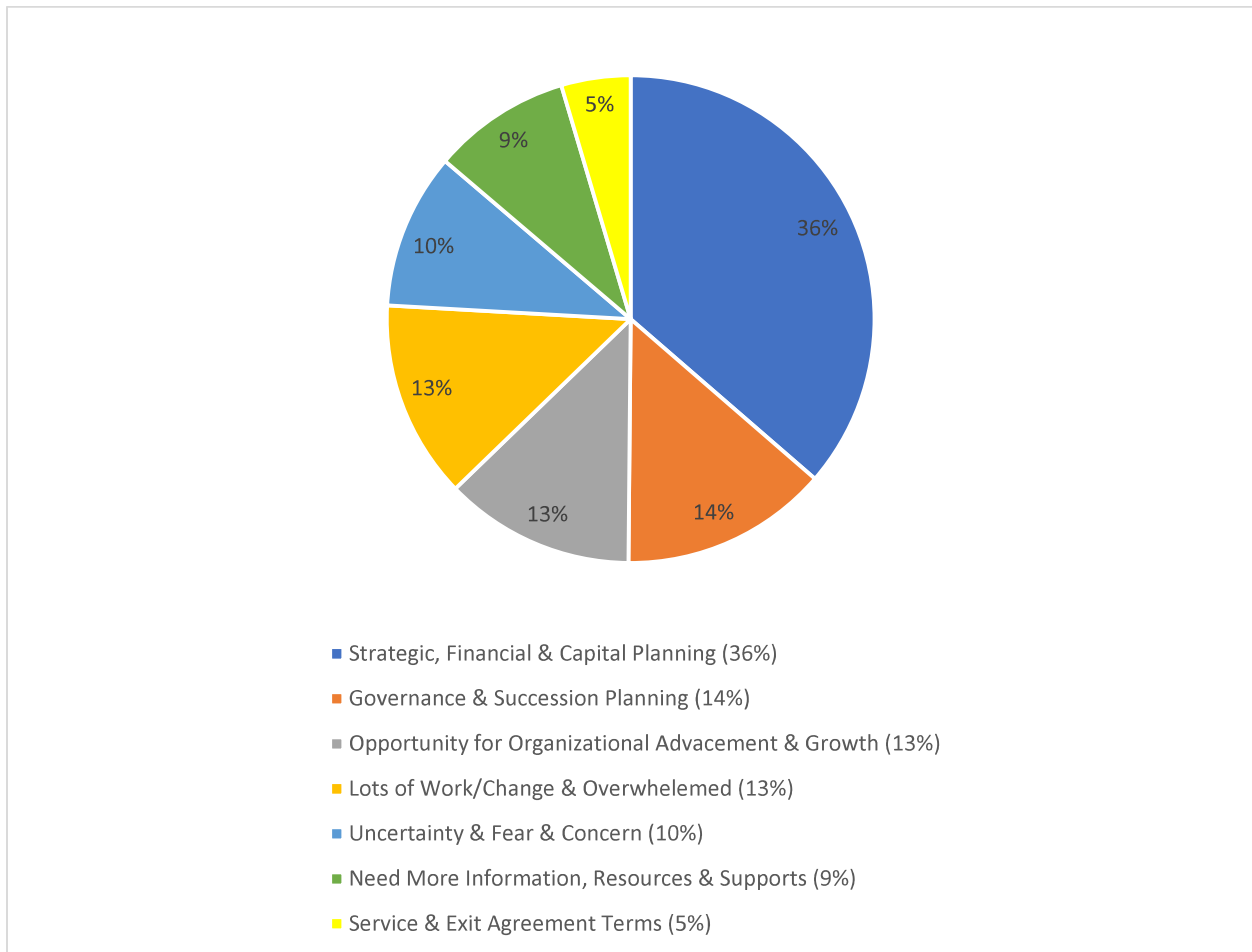


Figure 1: What does 'end of mortgage' mean to you? What comes first to your mind?

4.0 Breakout Session Activity B

Activity B asked housing providers to think about 4 key planning areas relevant to EOM. Housing providers were asked to think about their current situation in each area and consider their preparedness for end of mortgage.

The 4 key planning areas included:

1. Governance;
2. Asset Management;
3. Finances; and
4. Operations.

To guide this activity, each table reflected on standardized statements in each planning area; and rated how well they think they're fairing based on the statement. The rating scale included 4 categories:

1. Doing well in this area;
2. Needs some improvement;
3. Significant improvement needed; or
4. Unsure.

4.1 Governance

Standardized statements for the Governance planning area included:

Statement 1.1: “How would you rate your organization’s capacity to lead through this change over the next 5 years...”

Statement 1.2: “A board with robust skills will be valuable to strengthen your organization’s capacity post end of mortgage. We consider our Board and renewal and succession planning as...”

Key Observations:

1. 83% of respondents answered favourably to Statement 1.1, indicating that they were ‘Doing Well’ or only ‘Needed Some Improvement’ in their overall organization’s capacity to lead through the change brought on by EOM in the next 5 years.
2. Statement 1.2 saw 65% of respondents mention that they were ‘Doing Well’ or ‘Needed Some Improvement’.

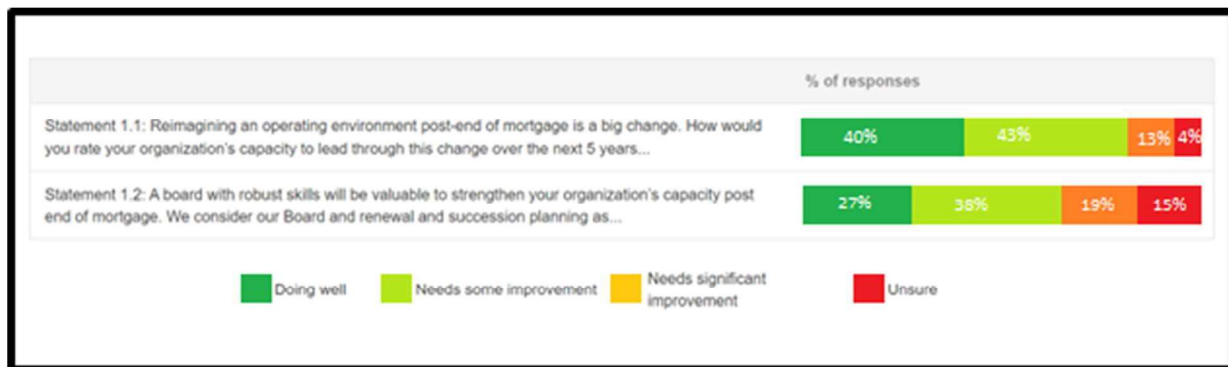


Figure 2: Governance Statements

Key Feedback from Housing Providers:

1. There are challenges with board engagement, recruitment and succession planning.
2. There is a skills gap and lack of competencies in board members.
3. There are difficulties in planning and forecasting.
4. There is a need to bring in outside expertise and resources to support long-term visioning, planning and direction.

4.2 Asset Management

Standardized statements for the Asset Management planning area included:

Statement 2.1: “Community housing buildings are aging with capital repair needs growing. We know our capital needs and have multi-year capital plans for our assets...”

Statement 2.2: “We understand the status of our capital reserves to meet our current and expected capital expenditures in order to develop of our long-term financial plan...”

Key Observations:

1. 76% of respondents stated they knew their capital needs and have a multi-year capital plan.
2. 58% of respondents stated they understood the status of their capital reserve to meet current/expected capital expenditures in order to develop a long-term financial plan.
3. 42% of respondents stated they were ‘Unsure’ or ‘Needed Significant Improvement’ to understand the status of their capital reserve.

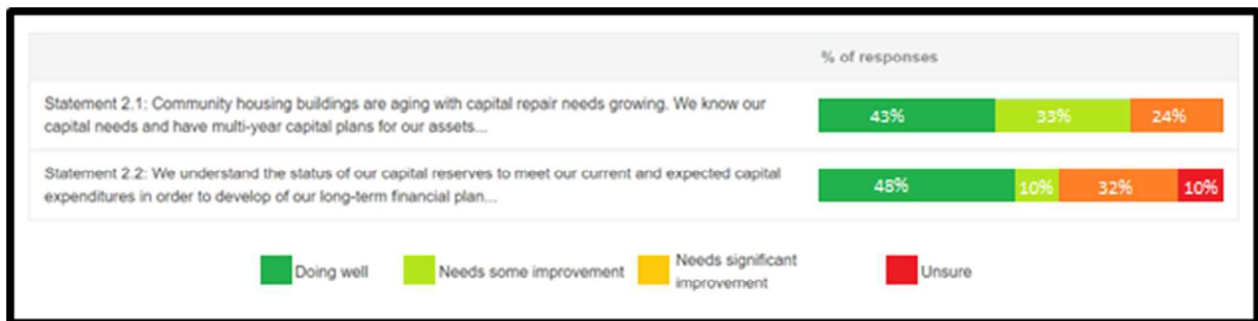


Figure 3: Asset Management Statements

Key Feedback from Housing Providers:

1. Providers understood their capital needs and what work they need to complete but did not have the funding available to execute.
2. There was a gap between capital plans and reserves.
3. Providers are concerned about the longevity of their assets.
4. Sometimes repairs or replacements were only completed when it was an emergency, mainly due to the lack of funds.
5. Sometimes they needed to borrow from investments to complete capital work.
6. Building Condition Assessments are valuable, but they needed to be more in-depth.
7. Building Condition Assessments had different objectives when compared to their organizational priorities.

4.3 Finances

Standardized statements for the Finances planning area included:

Statement 3.1: “We are in a strong enough financial position now and over the next 5 years to maintain the same (or better) level of operations than we do today...”

Statement 3.2: “We are in a strong enough financial position to invest in necessary operational and capital needs over the next 10 years...”

Key Observations:

1. 54% of respondents stated they ‘Needed Significant Improvement’ in their financial position to maintain the same or better level of operations over the next 5 years.
2. 79% of respondents stated they were ‘Unsure’ or ‘Needed Significant Improvement’ in their financial position to invest in necessary operational and capital needs over the next 10 years.

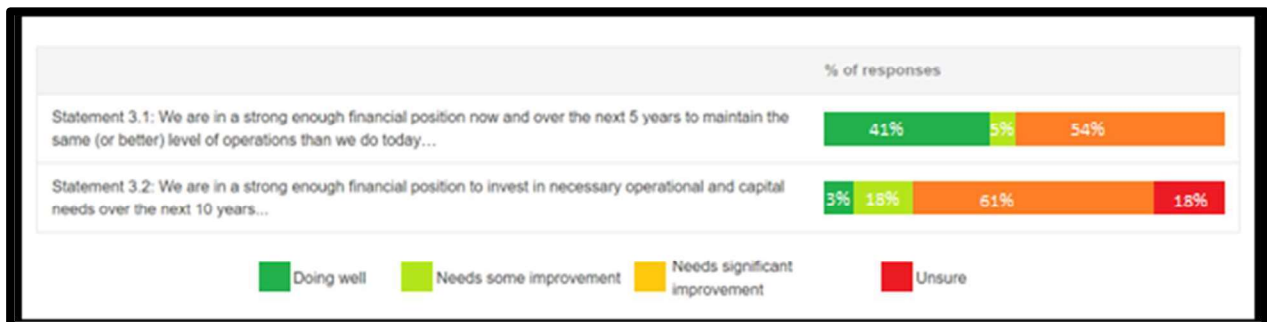


Figure 4: Finance Statements

Key Feedback from Housing Providers:

1. Day-to-day finances run smoothly. The pain points appear when discussing funding for capital repairs or asset management.
2. More funding was needed to complete repairs (interior, capital), modify units for accessibility and maintain building condition.
3. It was difficult to plan with such uncertainty in capital reserves and funding.
4. The benchmark funding model needs to be reviewed and the negative operating subsidy needs to be further analyzed for impact.

4.4 Operations

The standardized statements for the Operations planning area included:

Statement 4.1: “We have in-house processes and resources to administer operational policies and practices...”

Statement 4.2: “We have organizational capacity (human resources, staffing, expertise) to support our day-to-day operations and plan for end of mortgage...”

Key Observations:

1. 100% of respondents thought they were ‘Doing Well’ or only ‘Needed Some Improvement’ in processes or resources to administer operational policies and practises.
2. 82% of respondents acknowledged they were ‘Doing Well’ or only ‘Needed Some Improvement’ in organizational capacity to support day-to-day operations and plan for end of mortgage.

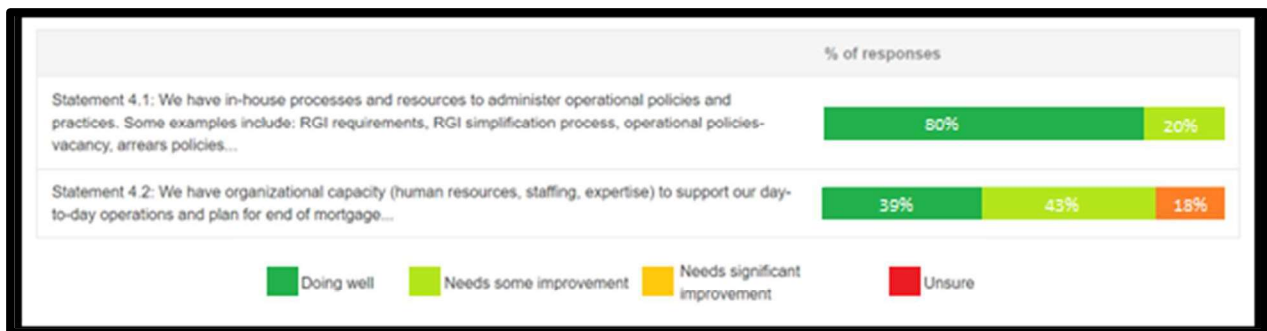


Figure 5: Operations Statements

Key Feedback from Housing Providers:

1. Day-to-day processes and policies are in place and working well.
2. Staff play an important role in ensuring operations run smoothly.
3. Strong management, experienced staff and low turnover rates help operations run smoothly.
4. There is a need to combine resources and partnerships to further improve operations.

5.0 Breakout Session Activity C

Activity C asked housing providers to answer:

1. What types of supports and resources would assist your organization in preparing for end of mortgage.

Key Observations:

1. 38% of respondents cited the need for templates, tools, grants and informative materials for EOM planning.
2. 18% of respondents indicated the need to for support with strategic, financial and capital planning.
3. 17% of respondents indicated the need to have assistance from consulting firms and sector partners like ONPHA and CHFT.

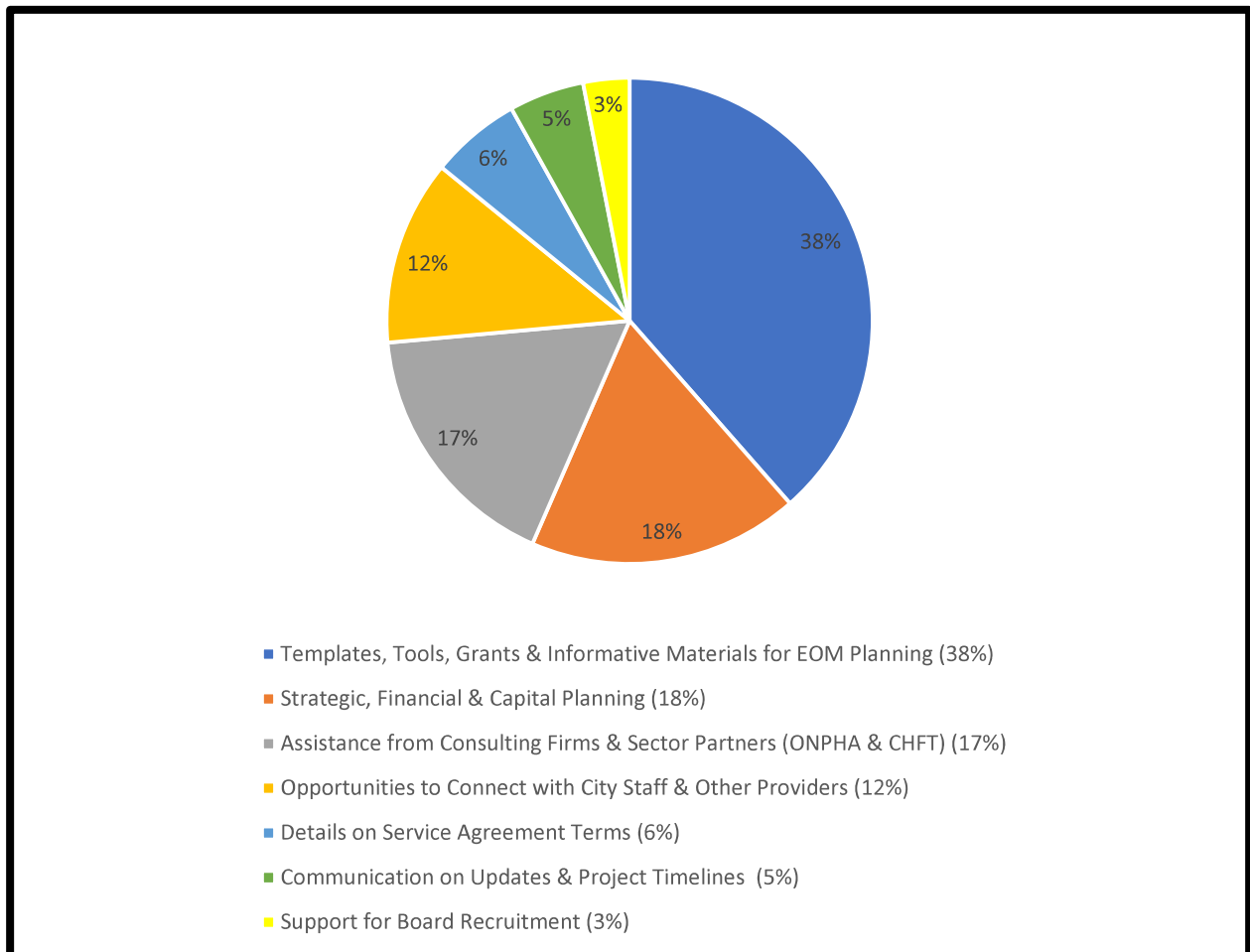


Figure 6: What types of supports and resources would assist your organization in preparing for end of mortgage?

6.0 Session Feedback Form

At the end of the Information Session, attendees were asked to complete a feedback form to help evaluate the session. The purpose of the feedback form was to determine if the information being shared was of interest and informative on new legislation impacts and planning for EOM. The feedback received will be used to inform future information sessions.

6.1 Respondents & Roles

Key Observations:

1. 83% of attendees from the Information Session completed the feedback form.
2. 40% of respondents identified as property managers.
3. 38% of respondents identified as board members.
4. 22% of respondents identified as non-profit employees.

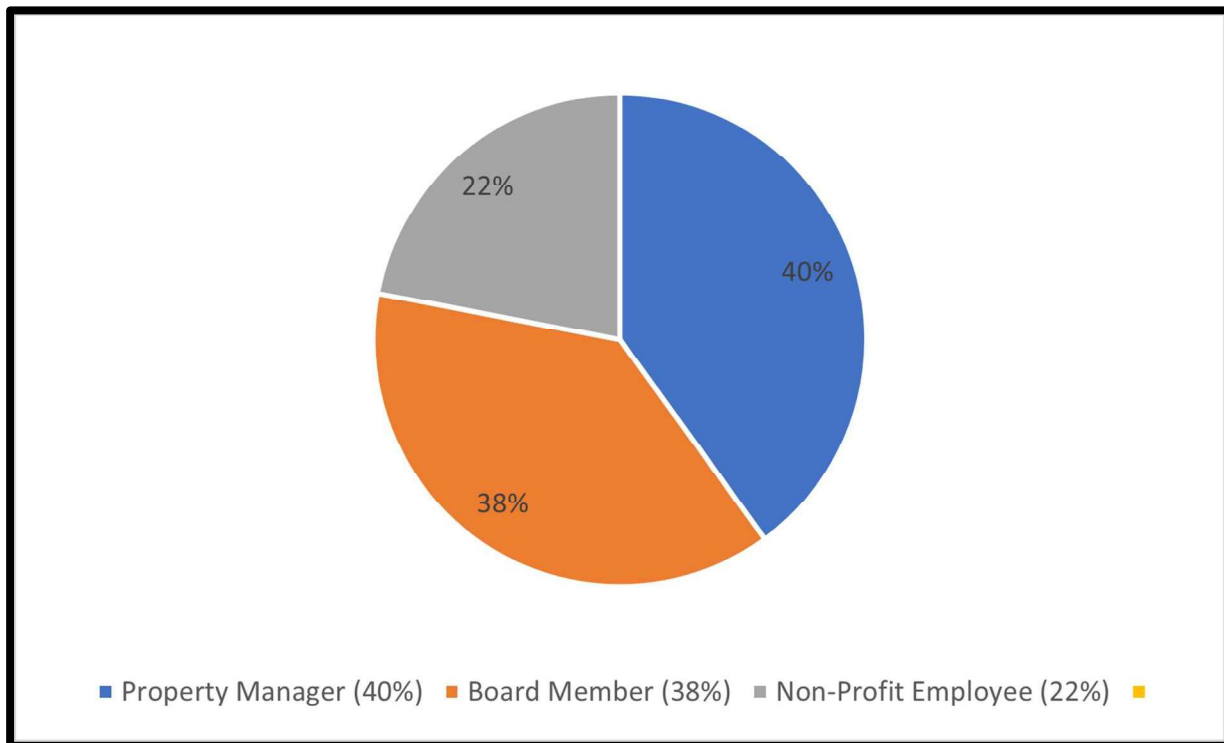


Figure 7: Roles of Respondents

6.2 The Session Helped Me To...

When asked about their overall learning experience from the Information Session, most respondents answered favourably with 'Strongly Agree' or 'Agree'.

Key Observations:

1. 92% of respondents indicated they understand where they can find resources and supports to prepare for EOM.
2. 96% of respondents indicated they understand practical options for EOM planning.
3. 98% of respondents indicated they developed a better understand of new regulatory changes related to EOM.
4. 96% of respondents indicated they developed an understanding of their role in preparing for EOM.

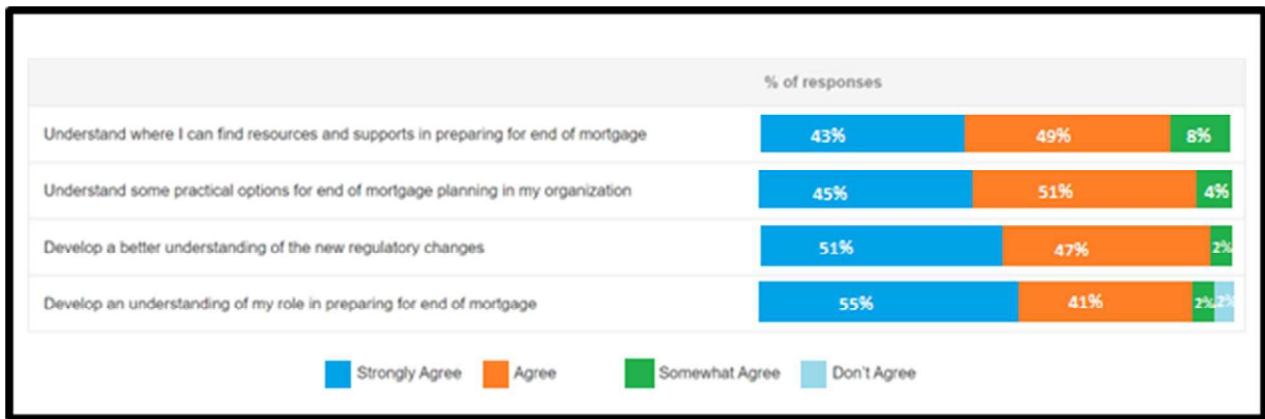


Figure 8: The Session Helped Me To...

6.3 The Most Useful...

When asked about the most useful thing about the session, respondents had varying answers.

Key Observations:

1. 57% of respondents highlighted that understanding EOM, including regulatory changes, service agreements and the City’s role, was the most useful item from the session.
2. 12% of respondents noted that the most useful item from the session was being able to understand supports and resources available to them for EOM planning.
3. 11% of respondents indicated that understanding the planning process and role of the board was the most useful item from the session.

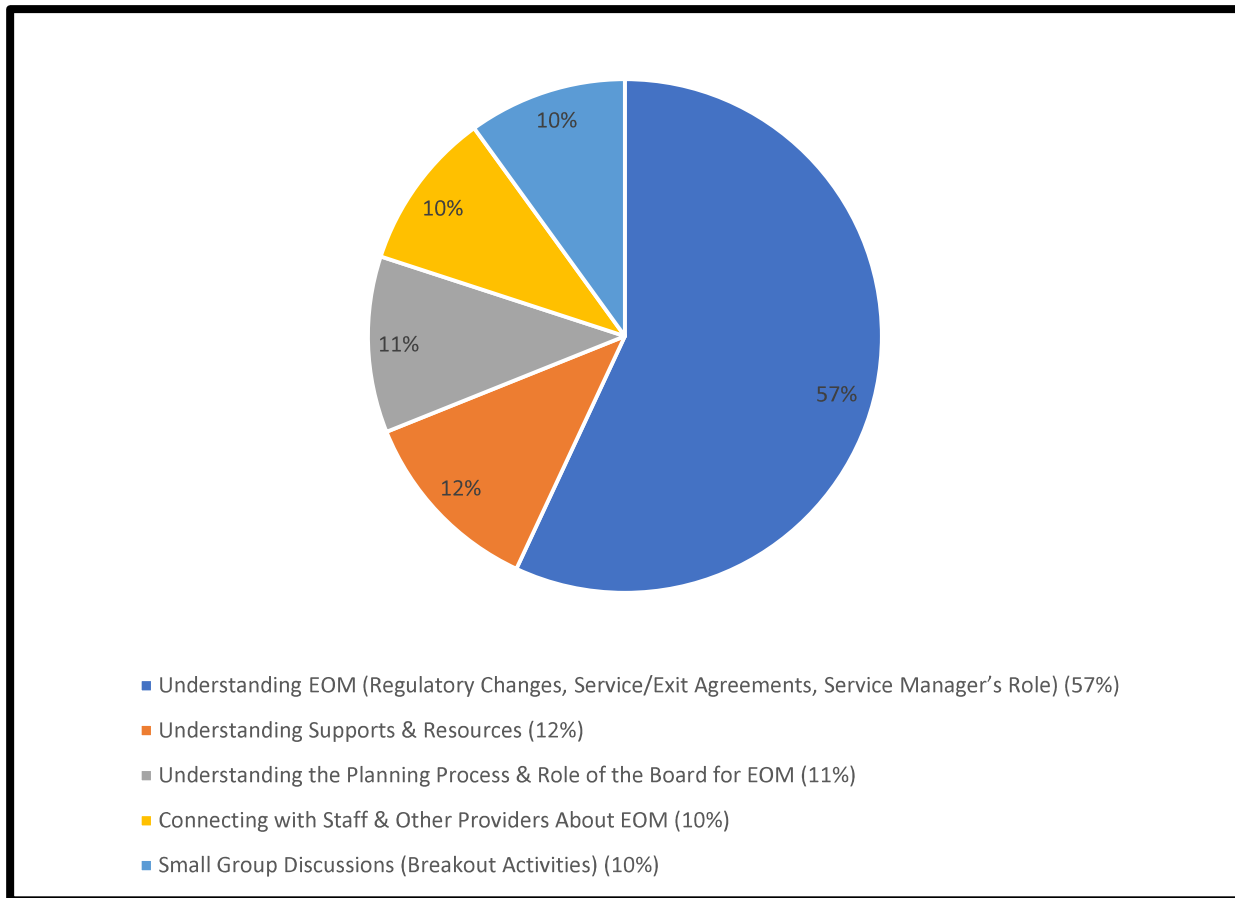


Figure 9: The Most Useful...

6.4 I Would Like More...

When asked about what they would like more of, housing providers had varying answers.

Key Observations:

1. 25% of respondents indicated that they wanted more details on the terms of the City’s Service Agreement and execution process.
2. 25% of respondents identified that they wanted more resources and support for the EOM process.
3. 25% of respondents highlighted that they wanted additional information sessions and opportunities to connect with City staff.
4. 13% of respondents identified that they wanted more information on end of mortgage, including regulatory changes, service agreements and the role of the City.

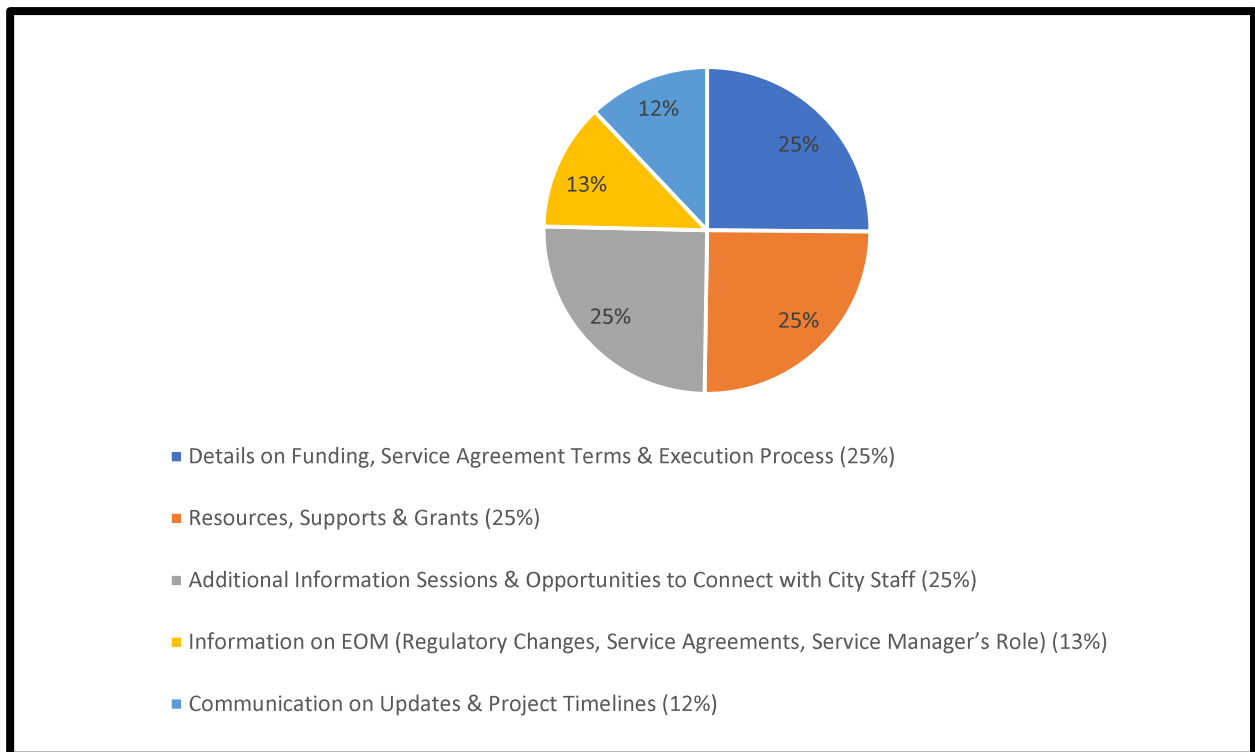


Figure 10: I Would Like More...

6.5 I Would Like Assistance With...

When respondents were asked what they would like assistance with, responses varied.

Key Observations:

1. 38% of respondents reiterated the need for assistance in EOM planning process, inclusive of support in capital and financial planning.
2. 31% of respondents cited they wanted assistance understanding details on the City’s Service Agreement terms, execution process and negotiation plan.
3. 19% of respondents indicated they needed assistance in accessing information and connecting with sector partners like ONPHA and CHFT.

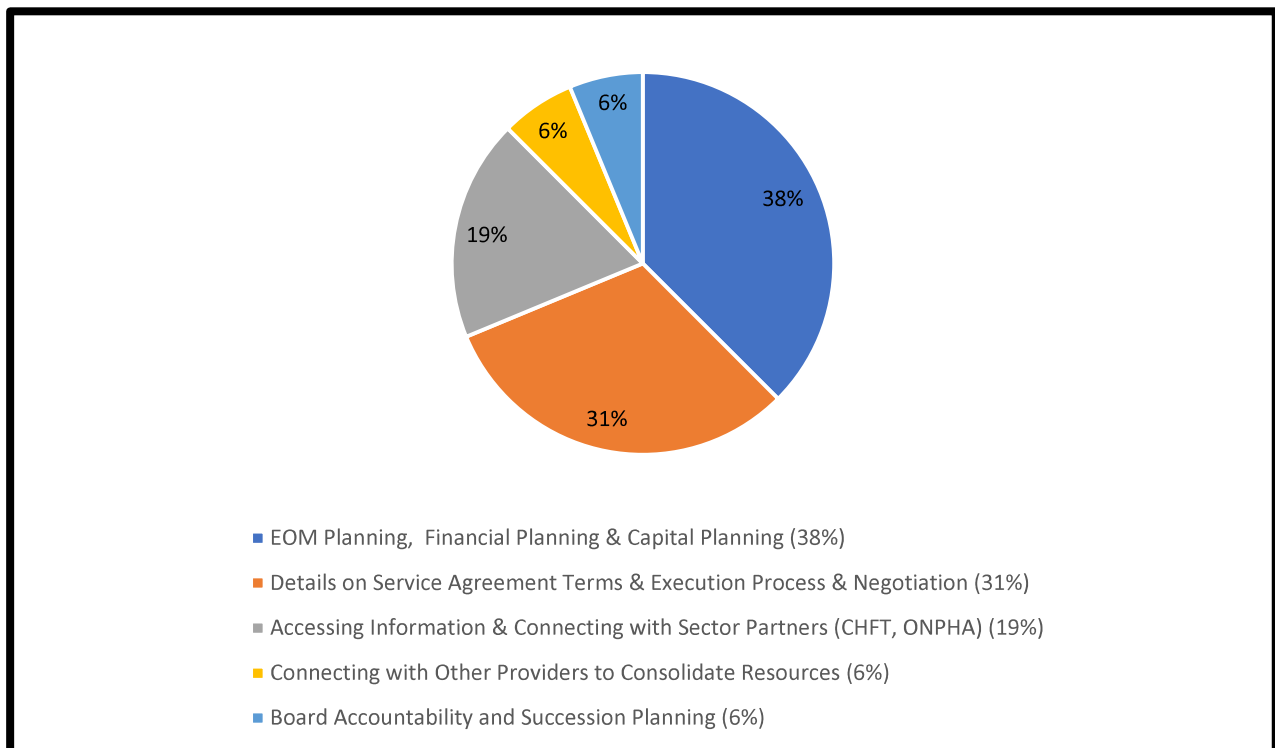


Figure 11: I Would Like Assistance With...

Appendix A

Part 1:

Large Group Q&A on the Context for Community Housing Renewal

Question 1: As per the *Housing Services Act, 2011*, we have an operating subsidy based on the legislated formula. Under a new Service Agreement, will the subsidy be standardized? Or based on our own needs?

Answer: Central to a new Service Agreement is a joint Financial Plan. The Financial Plan will be developed by working together with the City. The Financial Plan will establish a level of funding that will support and maintain the affordability of the existing housing and address operational and capital needs. Working together, the corporation's financial position will be reviewed. Depending on the housing project's unique circumstances, financial options and tools will be identified to establish an appropriate level of funding that will preserve and maintain the long-term financial sustainability of your community housing project.

Question 2: If a provider has a mortgage paid off and they receive a letter with a negative operating subsidy, what will happen?

Answer: The City is currently developing its Community Housing Renewal Strategy and funding model for housing providers whose funding is impacted when they reach end of mortgage. The City will continue to support housing providers in the delivery of affordable housing and will be working with each provider in the transition period until a Service Agreement is signed. Please contact your Housing Consultant for more information.

Question 3: If we sign a Service Agreement does that mean we're not under the *Housing Services Act, 2011* anymore?

Answer: Under a new Service Agreement, your housing project will be designated under the *Housing Services Act, 2011*, Part VII.1.

Question 4: When we have a surplus, the City takes half. Will this process continue?

Answer: The development of the City's Community Housing Renewal Strategy at end of mortgage, and approach to funding community housing, will recognize and respect the historical investments made to these assets over the years and acknowledge the long-time partnership with community housing providers. The City will work with each housing provider to develop a Financial Plan that will keep units affordable, address operating needs and keep the housing units in a good state of repair. To preserve and sustain community housing long term, the funding model may require a level of surplus sharing.

Question 5: What does the joint Financial Plan do? Are we moving to increasing rent-geared-to-income ("RGI") subsidy?

Answer: Central to a new Service Agreement is a Financial Plan. The Financial Plan will outline both the City's and the housing provider's financial responsibilities to ensure housing projects remain affordable, RGI housing continues, and operations and capital repair needs are managed. A review of the RGI and Market unit mix will be conducted as well as the level of market rents, as part of an overall financial assessment aimed to sustain and keep community housing viable in the long term. The Financial Plan will be reviewed every 5 years.

Question 6: Our buildings are getting old and capital is important for repairs and revitalization. Will the City cover these costs?

Answer: Components of the Joint Financial Plan include a long-term capital plan and reserve fund analysis. Housing providers will need to make decisions to manage both operating and capital costs and allow for larger contributions to their capital reserve to address capital repairs. The Joint Financial Plan will identify various tools and resources to address the gap between the capital reserve funds and capital repair work required. Recognizing the extensive capital repair needs of the aging social housing stock, additional funding may need to be considered based on each individual housing provider's financial viability analysis.

Question 7: In the event we sign an Exit Agreement, can we sign a Service Agreement at a later date? We may need to do this if we realize the Exit Agreement was a mistake and we want to come back under the City's housing system.

Answer: *Ontario Regulation 241/22* sets out the provisions for a housing provider to exit from the community housing framework. Under an Exit Agreement, housing projects would cease to operate in the City's housing system and not receive any funding. An Exit Agreement cannot be signed unilaterally and the City is not considering entering into an Exit Agreement with community housing providers. The City is confident that a Service Agreement will allow housing providers to achieve their long-term vision to continue to provide affordable housing.

Part 2: **Large Group Q&A on Planning for Change**

Question 1: Is there a template for Service Agreements?

Answer: The City is currently in the process of developing a Service Agreement template. Sector associations have developed tools/templates and host information on the legislated changes and actions that can be taken to prepare for Service Agreement negotiations on their websites.

Question 2: Succession planning is a big factor impacting an organization's capacity at EOM. It's hard for a Board to plan and prepare for EOM when the Board composition may change at EOM.

Answer: Good governance is a critical element that will help direct your organization into the post-EOM environment. It is important for Boards to have a plan to keep and attract Board Members committed to the mission and vision of your housing organization and who have the skills, experience and passion to be leaders through the changes ahead. Both ONPHA and CHFT have developed materials to help Boards with succession planning and developing and implementing good governance strategies. As well, the City will continue to engage directly with Boards to provide information and additional support that will help Boards prepare for EOM.

Question 3: How much time is needed to plan for EOM? When should we start?

Answer: Under a new Service Agreement, housing providers are active participants working towards a sustainable path to preserve and deliver good quality housing for their community. As the City develops a new funding approach at end of mortgage, we understand Boards will have many questions about what happens post-EOM. The City is taking steps to engage often with housing provider Boards and staff, providing information to help providers understand their capacity in areas such as governance and finance, operations and asset management. The coordination of the in-person Housing Provider Information Session (held on November 21, 2023) is one component of the City's engagement activities planned with housing providers regarding EOM.

Although the timeline to begin to think about end of mortgage planning will differ by housing provider depending on their EOM date, it is important for all housing providers to dedicate time and attention to envision the future of their housing project post-EOM. This will help identify unique supports and capacity building activities needed that will successfully help providers navigate the new EOM environment.

Some housing projects have already reached their EOM date and other mortgage expiries will occur over the next 10 years. The City is engaging with each housing provider individually to develop an interim funding approach for providers who have already reached EOM, and will continue to support all providers through their EOM planning process.

Question 4: What is ONPHA's Sector Transformation Enterprise Program?

Answer: ONPHA's Sector Transformation Enterprise Program ("STEP") offers professional services for housing providers. Through the STEP initiative, ONPHA has developed an online hub filled with resources and information to guide its members through the EOM process. Most recently, ONPHA announced the opportunity to access a STEP grant.

More information on STEP can be found here:

https://onpha.on.ca/Content/Resources/Community_Housing_Renewal/sector_transformation_enterprise_program.aspx?