

Welcome & Introductions



Land Acknowledgement



"We acknowledge the land we are meeting on is the traditional territory of many nations including Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. We also acknowledge that Toronto is covered by Treaty 13 with the Mississaugas of the Credit."

Content Overview

COMMUNITY HOUSING RENEWAL CONTEXT

Part 1:

Current Housing Services Act, 2011 (HSA) Operating Environment

End of Mortgage (EOM) - what it means and why it matters

New Regulatory Changes to the HSA – Framework for Community Housing post EOM

PLANNING FOR CHANGE

Part 2:

Role and decision-making of the Board

Preparing for change

Key planning activities

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Opening Remarks





Context

- Community housing is one of the few options available for Toronto households in need of an affordable home.
- This supply of housing is an essential component to the City's housing stability system.
- Good quality mixed income housing and the investments made through the decades must be preserved and increased where possible

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Context

Challenges:

- Shortfall of existing legislated funding formula
 - Impact of provincial benchmarking
 - Capped capital reserve fund contributions
 - Negative Subsidy
- Aging community housing stock;
- Increased costs to operate;
- Household incomes not kept pace with cost of living;
- Increase in complex tenancies.

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Context

- The end of mortgages provides an opportunity for community housing providers to transition and transform.
- Renewing our partnership is part of a broader Community Housing Modernization and Growth Strategy the City is developing to support community housing providers to grow and preserve their affordable housing stock over the next decade.
- We want to work with you to sustain the affordability of these homes and enable opportunities for renovations, retrofits, expansions, mergers, and acquisitions.

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Community Housing Renewal Context
Housing Provider Information Session
City of Toronto
November 21, 2023



The City is committed to working in partnership with Housing Providers as it defines its long-term strategy for community housing



Part 1: Community Housing Renewal Context

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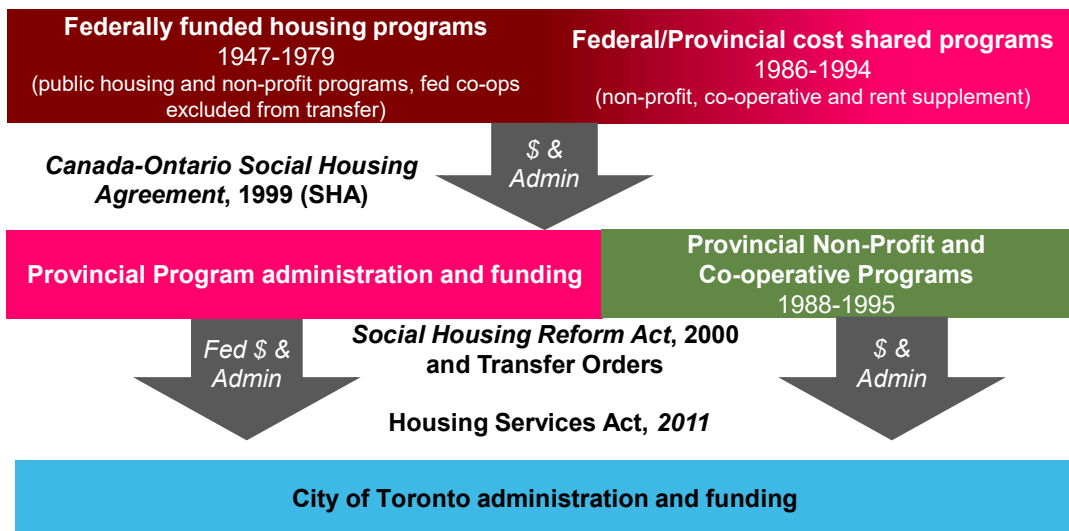


Context

- When social housing projects were initially developed, housing providers entered into project-level contracts, known as **operating agreements**.
- Operating agreements specified the amount and duration of subsidy funding alongside ***terms and conditions that providers had to meet***.
- Length of the operating agreements – 35 years (typically aligned with mortgage of a project paid completely).

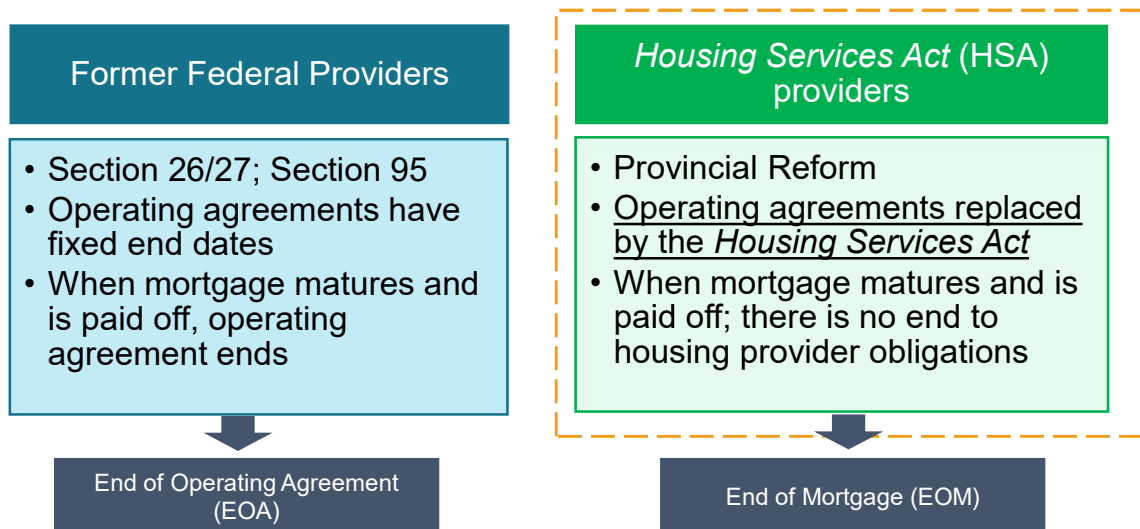
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Ontario's Devolution Story



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Two categories of providers (projects)

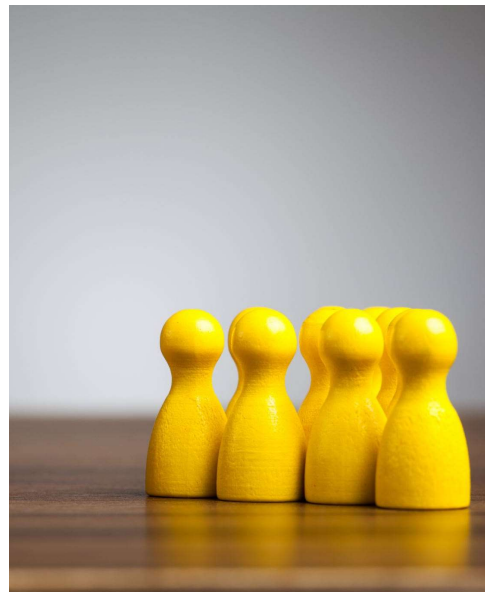


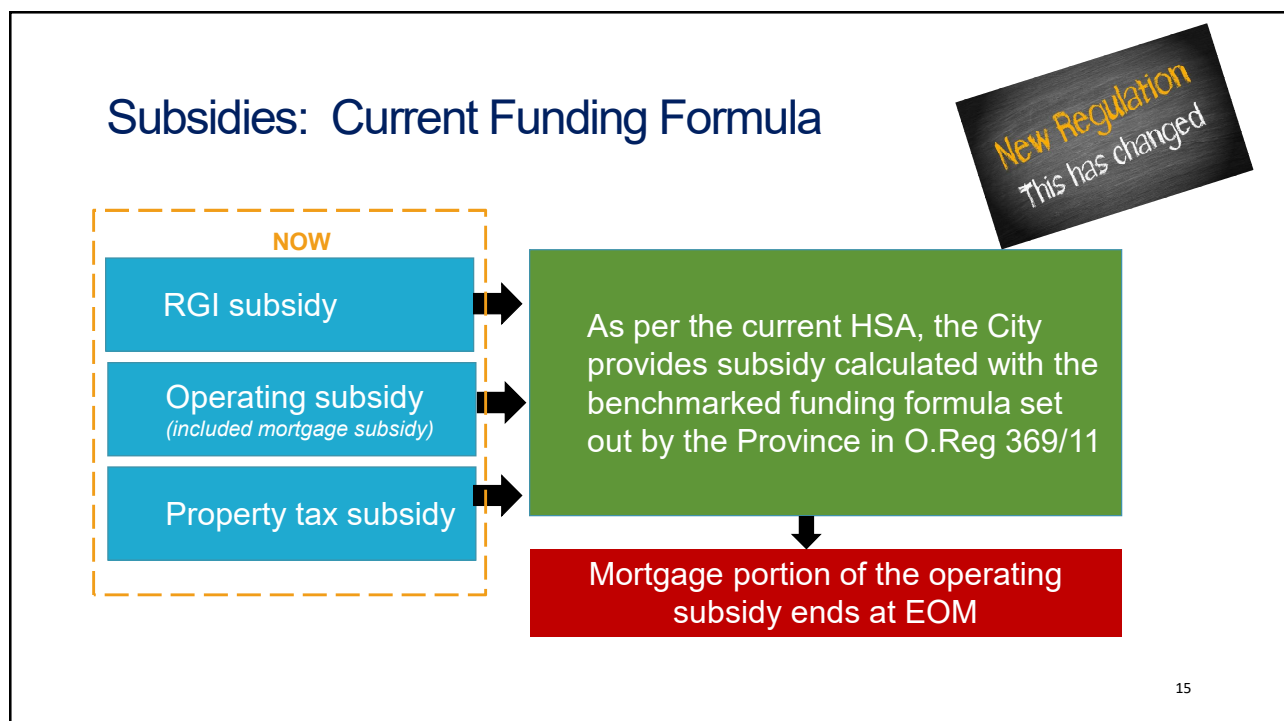
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Who is affected?

The term EOM is used to describe projects whose original mortgage has come to an end (i.e., mortgage is completely paid).

City of Toronto: By **2032** all housing providers will have projects that have reached their end of operating agreements and end of mortgage.





Provincial Legislation

Community Housing Renewal Strategy - 2019



Focus and Priorities

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Encourage housing providers to plan for the future to become more sustainable

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Help housing providers improve their capacity to operate in a business-like manner and grow their housing assets where possible

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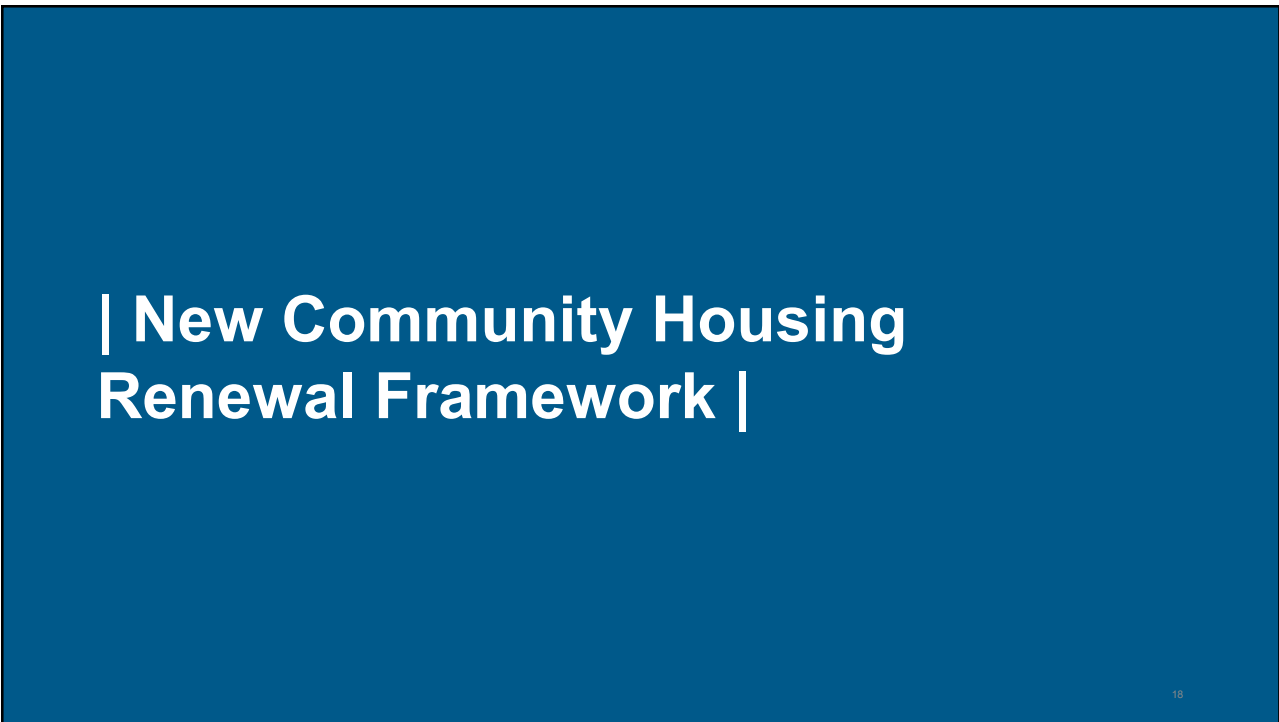
Streamline and simplify the system: ensure value for money with an efficient community housing system with long-term sustainability

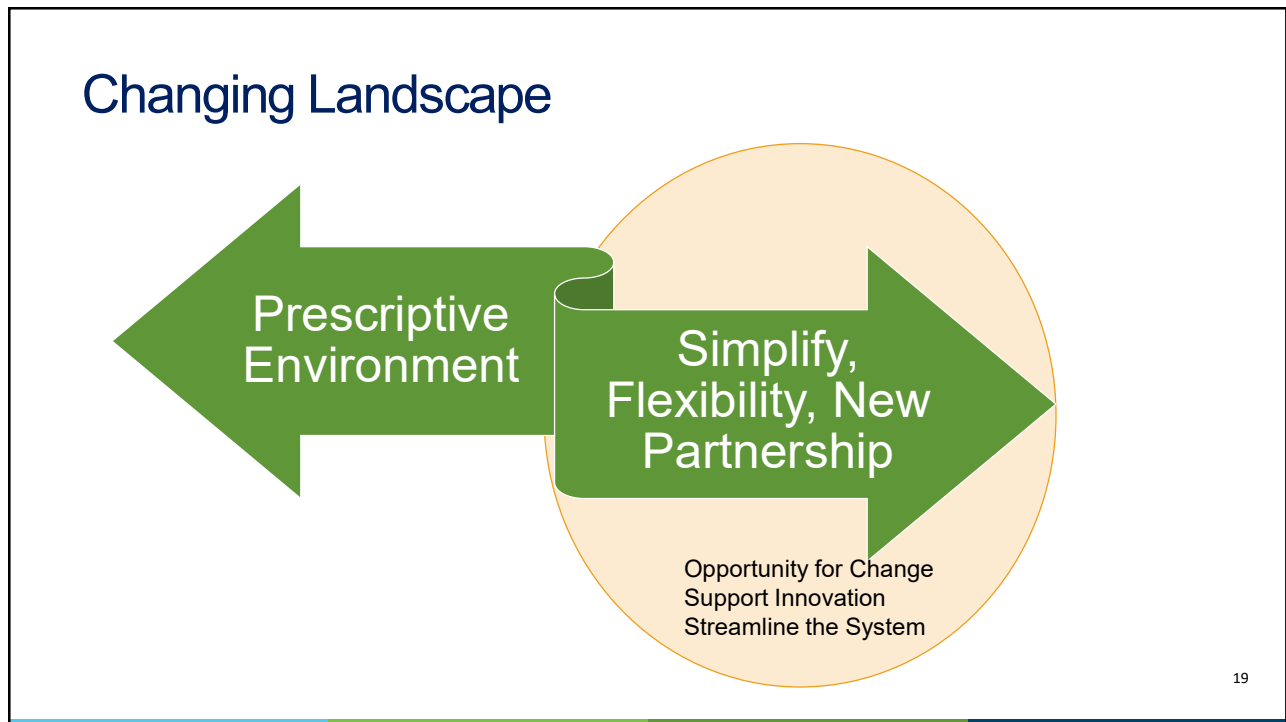
Provincial Legislation (cont'd)

Protecting Tenants and Strengthening Community Housing Act, 2020 (Bill 184)



- This Act noted that key changes to the *Housing Services Act, 2011* would be enacted through future regulations, including **provisions for new service agreements with housing providers whose original program obligations are ending (EOM)**.
- **Part VII.1 HSA** would establish a new community housing operating framework for housing providers Post EOM.





Opportunity for Change through Service Agreements



- Opportunity for Housing Providers to re-imagine organization's vision and mission.
- Flexible funding model to align with strategic goals and objectives.
- Ability to refresh and explore new possibilities and approaches to deliver good quality housing.
- Address outdated and complex rules through a streamlined operating framework that promotes good governance.
- Connects to the City's broader growth and modernization strategy on how community housing is delivered in Toronto.

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Benefits- Service Agreement

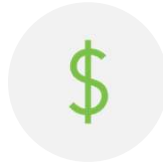
- Continued support from the City and stable, predictable subsidy.
- Continued access to other and future federal/provincial funding programs such as COCHI.
- Continue to provide affordable housing to your community.
- Opportunity to move away from the benchmark funding formula (negative operating subsidy position)



Key Terms of a Service Agreement



Minimum term is 10 years in length.



Funding provided by the City.



Allows an opportunity for additional funding to be negotiated to support provider financial sustainability.



Must include a process to manage issues of non-compliance and dispute resolution.

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Key Terms of a Service Agreement (Cont'd)



Agreement must include:

- The number of units you commit to housing.
- Commitment to fill units from existing waitlist selection rules for those units.
- Baseline requirements/provisions that the City will need you to meet in order to continue to fund units (i.e., reporting).

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Joint Financial Plan

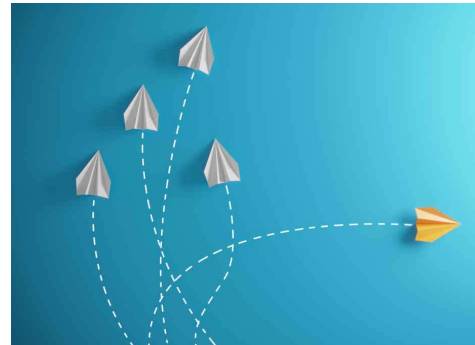
- To be developed jointly between you as a housing provider Board and the City.
- Establishes a level of funding to support operations and capital requirements.
- Includes a review of your rental rates for non-RGI units to support financial sustainability.
- The plan, once created, must be reviewed at least every five years.



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What is an Exit Agreement?

- Considerable public investment made in the community housing stock over the past 35 years.
- The City is committed to preserving all affordable housing in our housing system.
- The City does not intend to consider negotiating an Exit Agreement.
- The Service Agreement framework is a more flexible approach to achieve long term housing goals which may include:
 - Redevelopment
 - Mergers/Acquisitions
 - Building new affordable housing



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Service Agreements

Secures the existing supply of affordable housing and maintains or improves levels of affordability.

Supports the sustainability of the community housing rental stock.

Maintains and strengthens partnerships, recognizing the valuable contributions made by Housing Providers.

Builds capacity in the non-profit sector to achieve long-term objectives.



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Part 2: Planning for Change

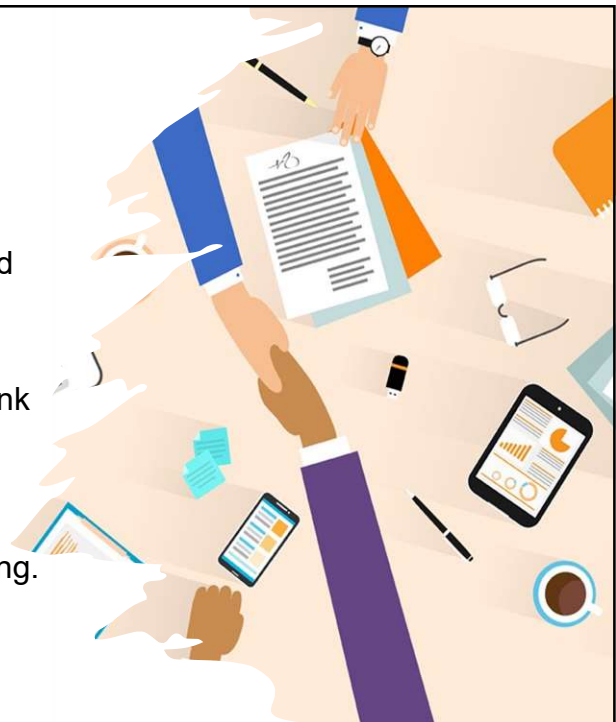
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What are we planning for?

- Under the new regulations, Housing Provider Board and staff will be critical in the planning process and actively involved in transitioning to the new post- EOM framework.
- EOM presents a unique opportunity to think carefully about the needs of your organization.
- Your vision needs to be guided by well-informed and collaborative decision-making.



What does this mean for you?

Housing provider Boards will need to start discussions and planning for end of mortgage thinking longer term.

- It is important for Boards to understand:
 - the rules and requirements at EOM
 - the regulation changes and what opportunities it may pose for your project(s)
 - the financial impacts of EOM to your project(s) both operations and capital
 - what supports you need from the City in order to remain viable.



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Where to Start?

Your initial to dos:

- ❑ Identify your EOM date (s).
- ❑ Start the engagement process with your Board members.
- ❑ Inform key staff (i.e., property manager, bookkeeper, auditor, finance staff) that the Board is initiating a planning for EOM, and it will require their expertise.
- ❑ Identify information you need to support your planning and develop your list of questions or clarification the Board has of the organization or the City.
- ❑ Invite your partners to be part of these discussions (i.e., CHFT, CHF Canada, ONPHA, City, Auditor, Property Manager).
- ❑ Share the information/resources you learned from this session and as available through sector organizations (i.e., CHFT, CHF Canada, ONPHA).

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Role of Board through EOM

Board's own the process of decision making and setting direction for the organization.



- Manage change through the EOM process
- Problem-solve – explore the issues in more depth & proactively consider what options are best for your organization moving forward
- Develop a plan that sets direction (how the Board wishes to proceed)

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Role of Board through EOM

- Board is the only group with defined legal duties to the non-profit corporation.



Board as a collective must be active in the planning process for EOM.



The Board is responsible for setting the vision and operations for your organization.



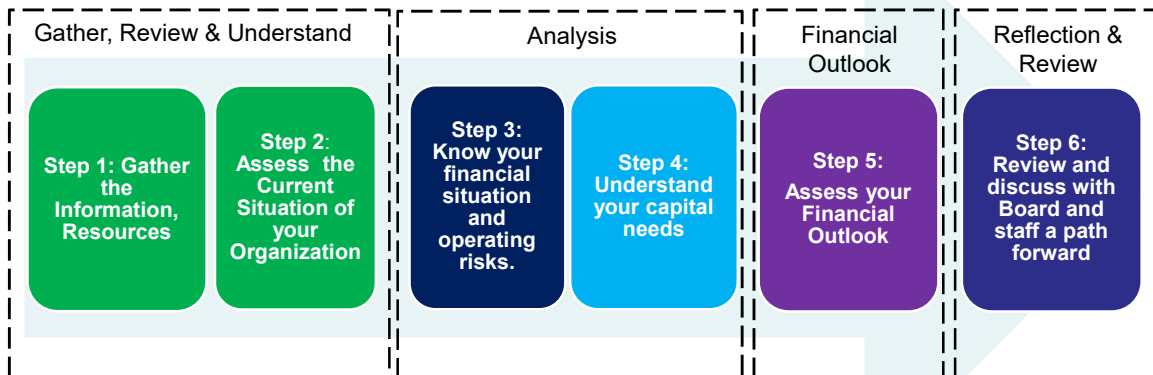
The Board is accountable for the organization's financial viability.



Only the Board can negotiate and sign a new Agreement with the City.

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Role of Board through EOM (cont.)



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Step 1: Gather Information

- Know your EOM date (s) and the number of properties impacted.
- Understand your Articles of Incorporation and the mandate under which you were incorporated.
- Identify if you are the registered owner of the land, or is the land leased?
- Do you have partnerships/agreements with health or support agencies?
- Engage your auditor to understand the implications for exemptions you currently receive; HST rebates, RTA exemptions, CRA rules.



Information gathering

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Step 2: Assess your Current Situation

- Review and discuss each area of your organization (i.e., how are we doing?)
- Discuss the organization's strengths, weaknesses, opportunities and challenges.
- Identify emerging trends, issues and pressures.
- Frame the key priorities for your organization in the short, medium and long-term.



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Step 3: Know your Financial Situation

- Overall financial position whether in a surplus or deficit.
- Revenue streams and amount of subsidy received.
- Organization's annual net operating position: surplus or deficit.
- State of the organization's capital reserves.



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Step 3: Know your Operating Risks

- Enough revenues to cover your expenses.
- Are arrears and vacancies being managed.
- Consider the impact of inflationary increases (i.e. increased utility costs) and how they will be managed.
- Assess whether your staffing levels are adequate to manage tenancies and administer RGI units.
- Confirm that you have policies and processes in place to support good decision making.



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Step 4: Understand your Capital Needs



- Review your Building Condition Assessments (BCAs) & identify required capital needs, expected timelines and identify funding gaps.
- Review your Asset Management Plan, if you have one.
- Create a 10-year capital plan.
- Identify priority capital expenditures required to be done in the short-term, by EOM year and post EOM.
- Review the annual contributions to capital reserves, and capital reserve fund balances against the capital needs over time.

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Step 5: Financial Analysis

Assess the financial status of your project in its **current state** and in the future (once mortgage subsidy stops), and after that.

Why important in the planning process?

- Will the project be able to generate sufficient revenues to meet operating costs at the end of mortgage if **nothing changes** or **funding changes**?
- Does the project have sufficient capital reserves to maintain the housing and do capital repairs at the end of mortgage?
- What is needed financially to continue to deliver affordable housing at the current levels?

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Financial Tools & Resources

- Sector-based tools available through ONPHA and CHRA (Simplified Assessment Tool) & CHF Canada provides support and resources.
- Your current auditor may be able to do some financial projections based on their knowledge of your building operations and trends.
- There are consulting firms that will do this type of financial analysis based on your data for a fee.



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Step 6: Review and Discuss a Path Forward

Based on the financial results:



- Are we in a position to generate sufficient revenues to meet operating costs over the next 5 or 10 years?
- Are we a financially viable organization?
- How can we strengthen our operations and capital position to operate in a financially stable manner?

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Step 6: Review and Discuss a Path Forward

Board should set some time out to further discuss preliminary options for the direction of the organization.



- Is there interest in considering merging or amalgamating with another housing provider?
- Connect with the City to help facilitate conversations with other housing providers who are considering merging or amalgamating.
- Identify what areas of the organization need both financial and non-financial support.

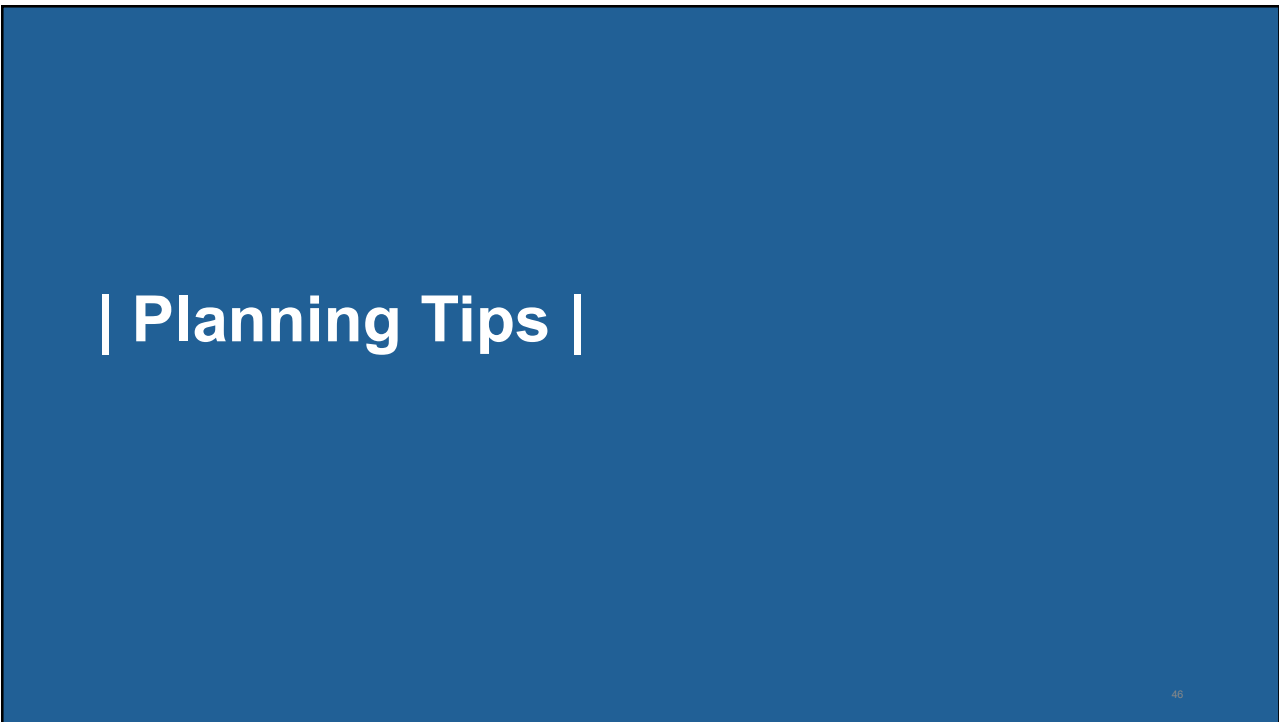
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Key Partners

As you move through your next steps; key partners can be:



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Planning Tip #1: Discussions

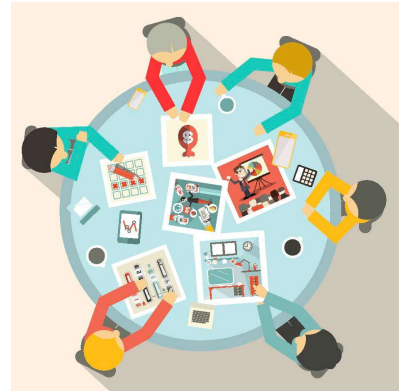


- There needs to be a deliberate conversation about EOM planning; and there needs to be time allowed for the conversation.
- Sometimes getting an outsider to facilitate this conversation helps; just to keep the conversation on track.
- Staff have ideas and should be partners in this board conversation.

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Planning Tip #2: Create a Committee or Working Group

- Create a sub-committee or working group of the Board focused on EOM planning.
- Report back to the full board on actions, ideas, opportunities and where decisions must be made.
- Consider capacity gaps or additional supports you may need – maybe invite non-Board members to participate to fill those gaps (i.e., sector supports – CHF Canada, CHFT, ONPHA).



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Planning Tip #3: Create a Workplan

Key elements

- Actions/steps
- Who is doing what?
- Timelines
- Decision making
- Communication points
- Status & Progress tracking

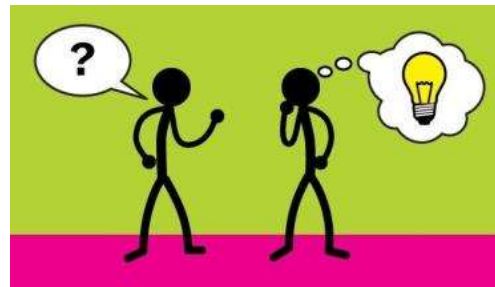


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Planning Tip #4: Talk to the City.... Often!

**Don't wait until you are done planning ...
engage the City throughout your planning**

- Seek clarity about the regulatory changes and what that might mean to you.
- Share your thinking with the City and designated Housing Consultant early on; invite the City to attend some board meetings.
- Ask questions where you are unclear or uncertain.



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A New Phase of Community Housing

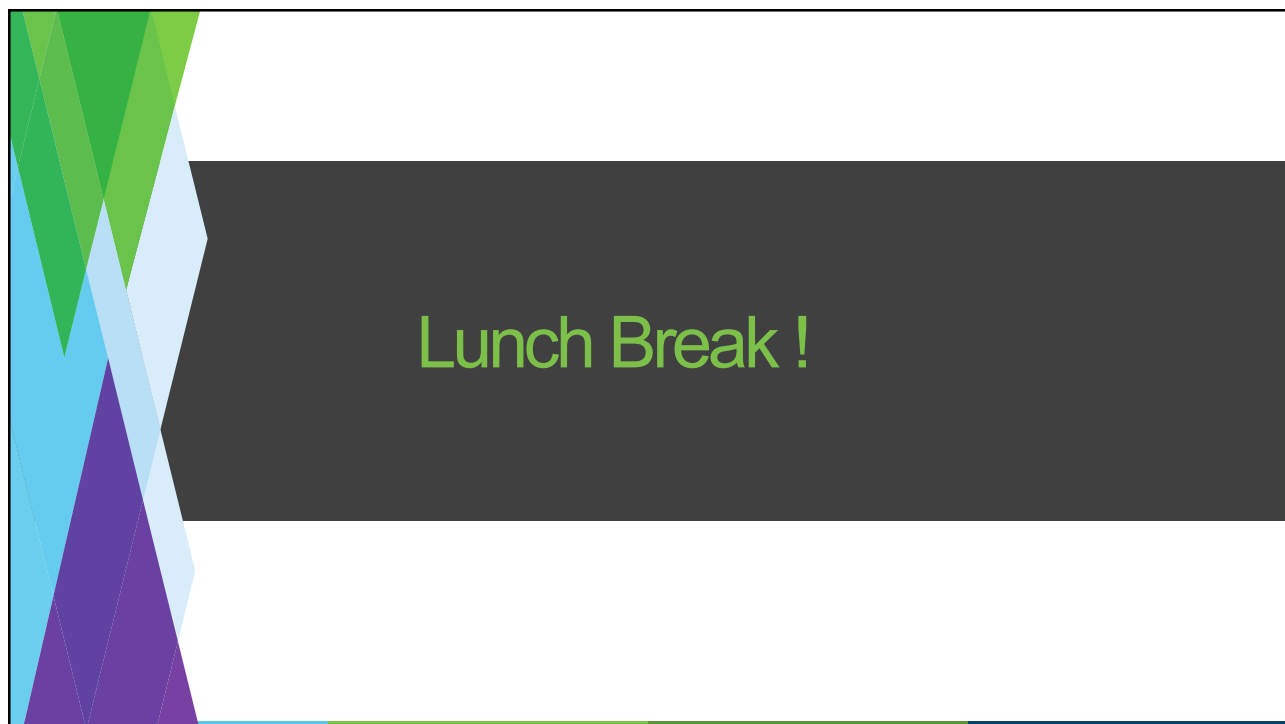
Plan for success



- **For you**, this is an opportunity to review your mission and operations and consider new options that may open up post-EOM.
- **For the City**, it is an opportunity to develop a new relationship with providers, moving from administering programs, to facilitating a more modern and innovative partnership based on mutual interests and goals.

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Small Group Activity



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