

# End of Mortgage (EOM)

## Pre-Recorded Webinar #1 Basics of EOM

February 5, 2025



# Land Acknowledgement



The City of Toronto acknowledges that we are on the traditional territory of many nations including the Mississaugas of the Credit, the Anishnabeg, the Chippewa, the Haudenosaunee and the Wendat peoples and is now home to many diverse First Nations, Inuit and Métis peoples. The City also acknowledges that Toronto is covered by Treaty 13 signed with the Mississaugas of the Credit, and the Williams Treaty signed with multiple Mississaugas and Chippewa bands.

# African Ancestral Acknowledgement

Though I am not a person of African descent, I am committed to continually acting in support of and in solidarity with Black communities seeking freedom and reparative justice in light of the history and ongoing legacy of slavery that continues to impact Black communities in Canada. As part of this commitment, I would also like to acknowledge that not all people came to these lands as migrants and settlers. Specifically, I wish to acknowledge those of us who came here involuntarily, particularly those brought to these lands as a result of the Trans-Atlantic Slave Trade and Slavery. In support of the City of Toronto's ongoing efforts to confront anti-Black racism, I pay tribute to those ancestors of African origin and descent.

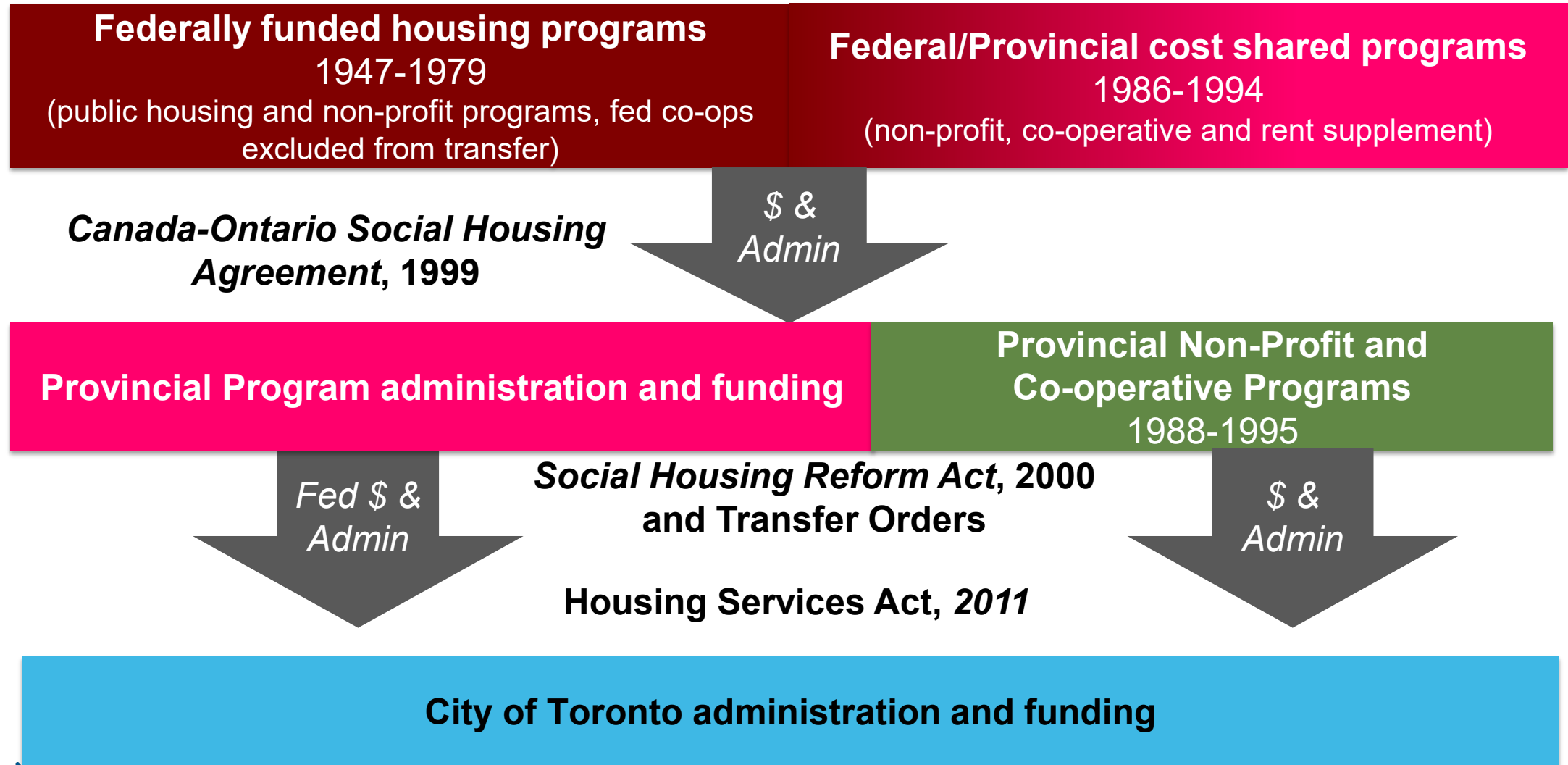
# Agenda

- Legislative Changes
- Service Agreements
- Joint Financial Plans
- Impact of Mortgage Expiry
- Planning for Change
- Role of the Board

# Background

- 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 the expiry of the housing project's mortgage**)

# Ontario's Devolution Story



# Who is Affected?

- This is not a situation specific to Toronto. Across Ontario, the mortgages of many former provincially funded housing projects are set to end over the next 10 years and Service Managers are actively focusing on end of mortgage (“EOM”).
- The City’s portfolio includes 139 designated community housing projects under the HSA, administering RGI and Market, where the total subsidy level is impacted at mortgage end.
- By 2032 all of these housing providers will have housing projects that have reached end of mortgage.

# Provincial Legislation

## Community Housing Renewal Strategy - 2019



### Focus and Priorities

1

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

2

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

3

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



# Provincial Legislation (cont.)

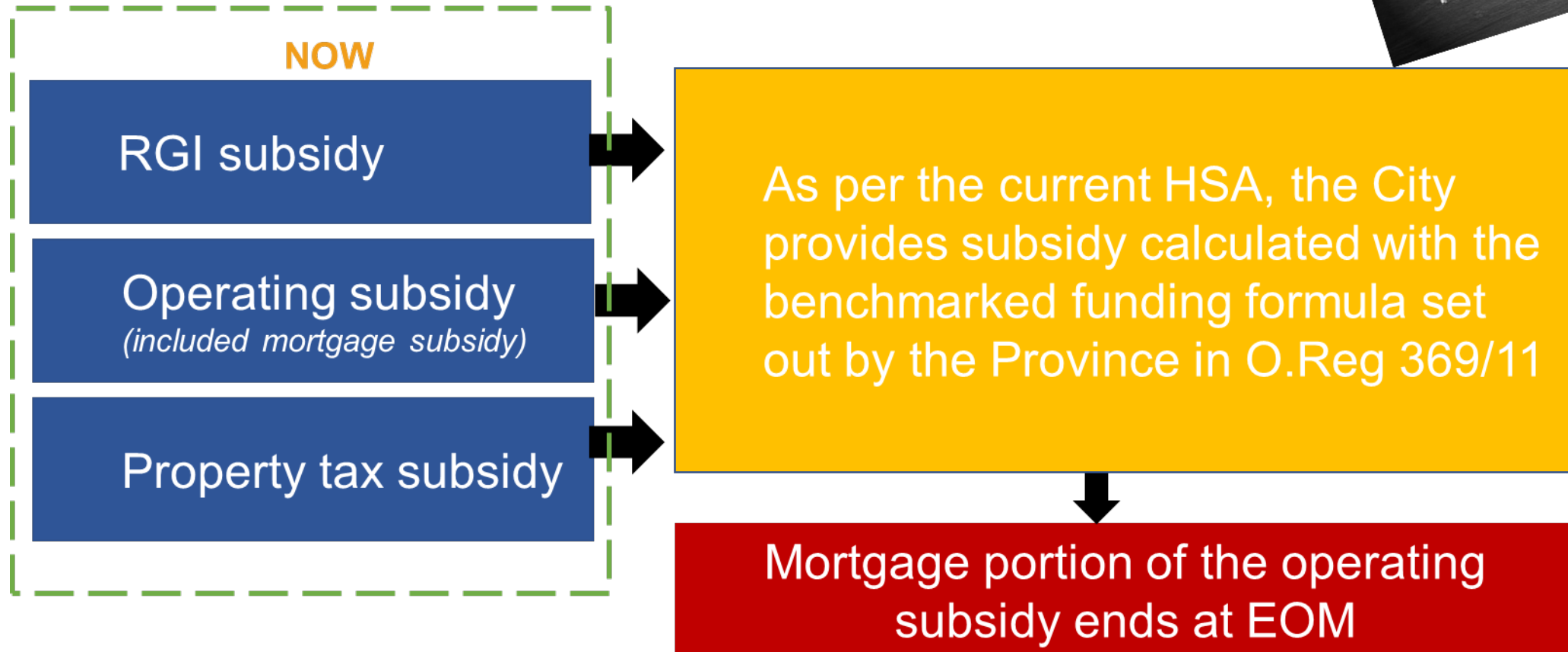
## *Protecting Tenants and Strengthening Community Housing Act, 2020 (Bill 184)*



- 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.

# Current Funding Formula

**New Regulation**  
This has changed



# Impact of Mortgage Expiry

- The expiry of mortgages under the HSA formula **impacts the overall subsidy** disbursed to housing providers. When a housing project's mortgage has been paid off, the mortgage component of the operating subsidy will be set to zero.
- In certain cases when the mortgage is set to zero, the total subsidy may be a negative number. A negative number for the total subsidy calculation will mean that \$0 subsidy is payable to you.

# Service Agreements

- A Service Agreement would be a housing providers **operating framework**, allowing the ability to remain in the community housing system, as funded and administered by the City.
- Once signed, a Service Agreement replaces the terms and conditions of Part VII of the HSA with a **new contractual agreement**.
- Service Agreements change the relationship between housing providers and the City, **moving away from the mandated prescriptive arrangement** to a renewed financial model.



# Service Agreements – Minimum Requirements

- The new regulations set out some minimum requirements for Service Agreements, while also encouraging a flexible approach between housing providers and the City.
- The minimum requirements set out in the new regulations include:
  - Minimum term length of 10 years.
  - Guaranteed provision of funding from the City.
  - Ability for additional funding opportunities to be considered by the City to support housing provider financial sustainability.
  - A process to manage issues of non-compliance and dispute resolution.
  - Number of rent-geared-to-income (“RGI”) units.
  - Selection rules for RGI units, aligning with wait list rules.
  - Baseline reporting.
  - Development of a joint Financial Plan.

# 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**.



# Service Agreements – Opportunities

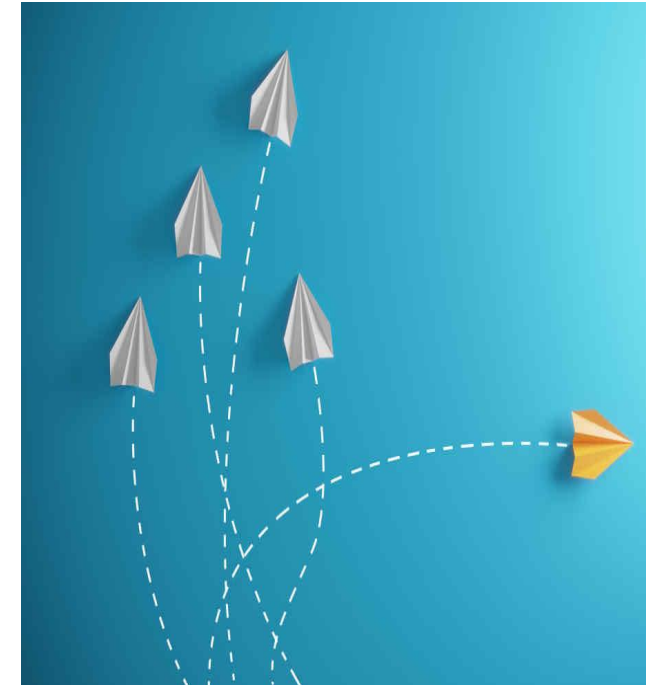
- Through Service Agreements there is an opportunity for **positive change**, including:



- Address outdated and complex rules through a streamlined operating framework.
- Flexible funding model to align with strategic goals and objectives. Stable and predictable subsidy from the City.
- Opportunity to move away from the benchmark funding formula (negative operating subsidy position).
- Continued access to other and future federal/provincial funding programs such as COCHI.
- Ability to refresh and explore new possibilities and approaches to deliver good quality housing.
- Ability to re-imagine organization's vision and mission.

# 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 Service Agreement framework is a more flexible approach to achieve long term housing goals which may include:
  - Redevelopment;
  - Mergers/acquisitions; and
  - Building new affordable housing.





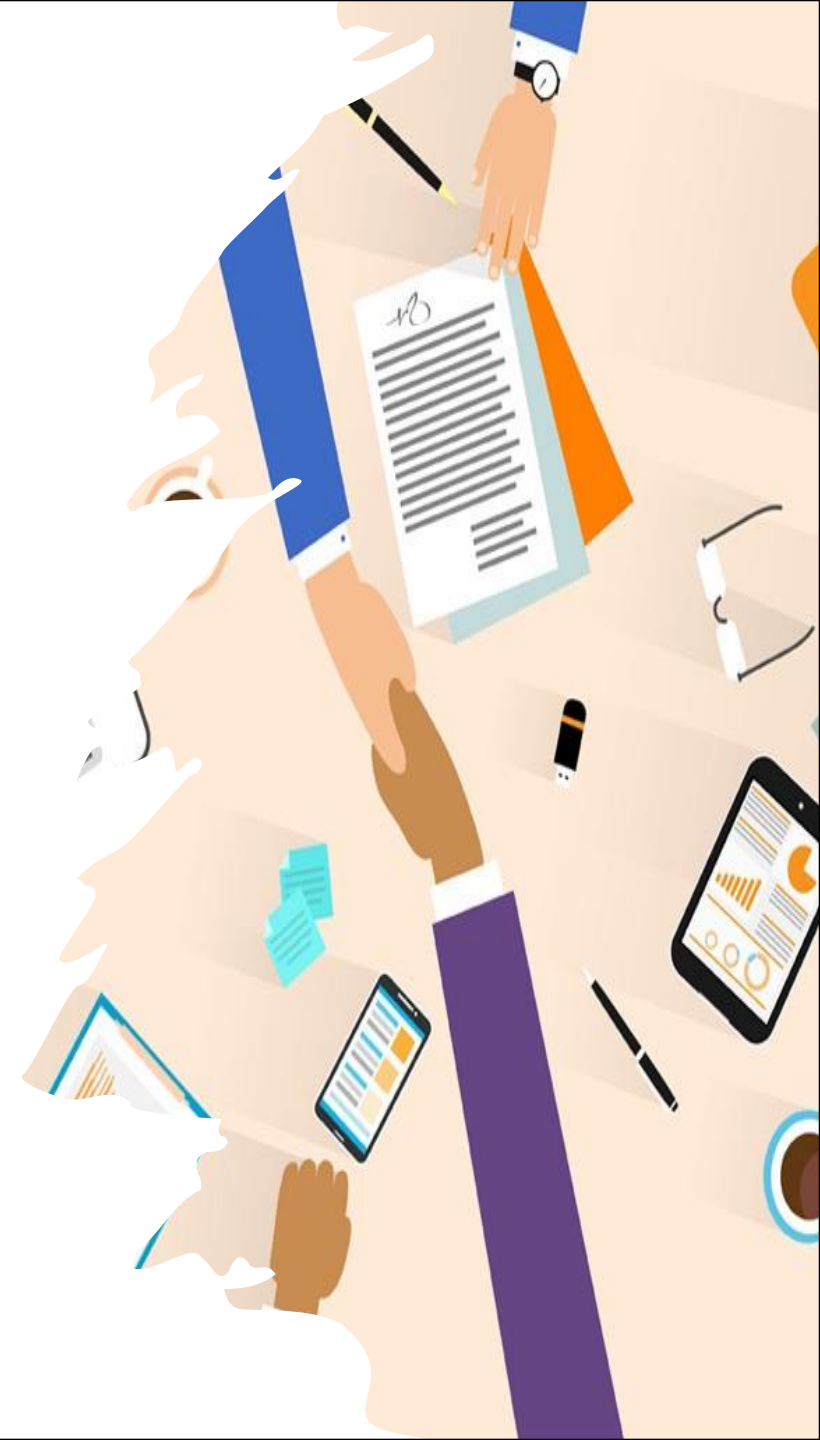
# What If We Don't Execute a Service or Exit Agreement?

- If a Service or Exit Agreement is not executed, the obligations under the HSA remain in effect.
- You have an **obligation to continue to provide affordable housing**, including RGI housing, and follow the rules in the HSA.



# Planning for Change

- 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.



# Role of the Board

- It is important for Boards to understand:
  - Rules and requirements at EOM;
  - Regulation changes and what opportunities it may pose for your project(s);
  - Financial impacts of EOM to your project(s) both operations and capital; and
  - Supports you need in order to remain viable.



# Role of the Board (cont.)

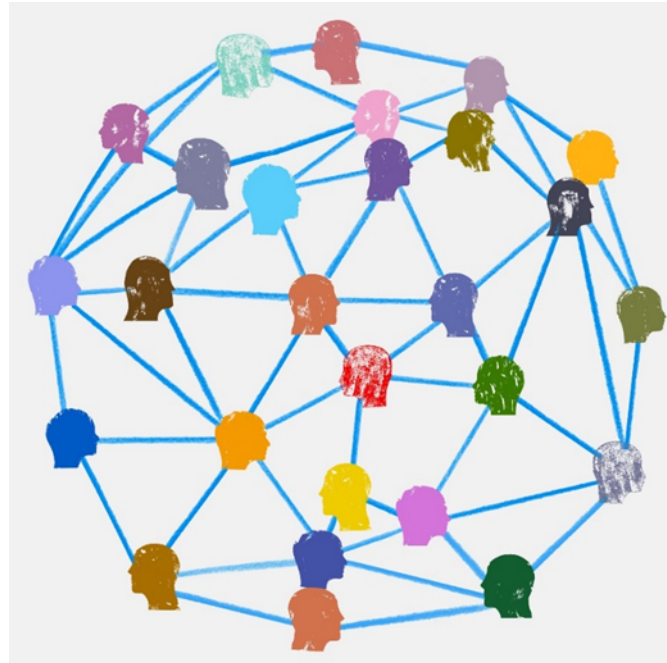
- Boards have defined legal duties and are responsible for the process of **decision-making and setting direction** for your organization as mortgages expire, including:
  - Managing change through the EOM process;
  - Problem-solving and exploring issues in more depth;
  - Proactively considering what options are best for your organization moving forward; and
  - Developing a plan that sets direction for your organization, including how the Board wishes to proceed.

# Partnerships

City  
Staff

Your Property  
Manager

Other Housing  
Providers

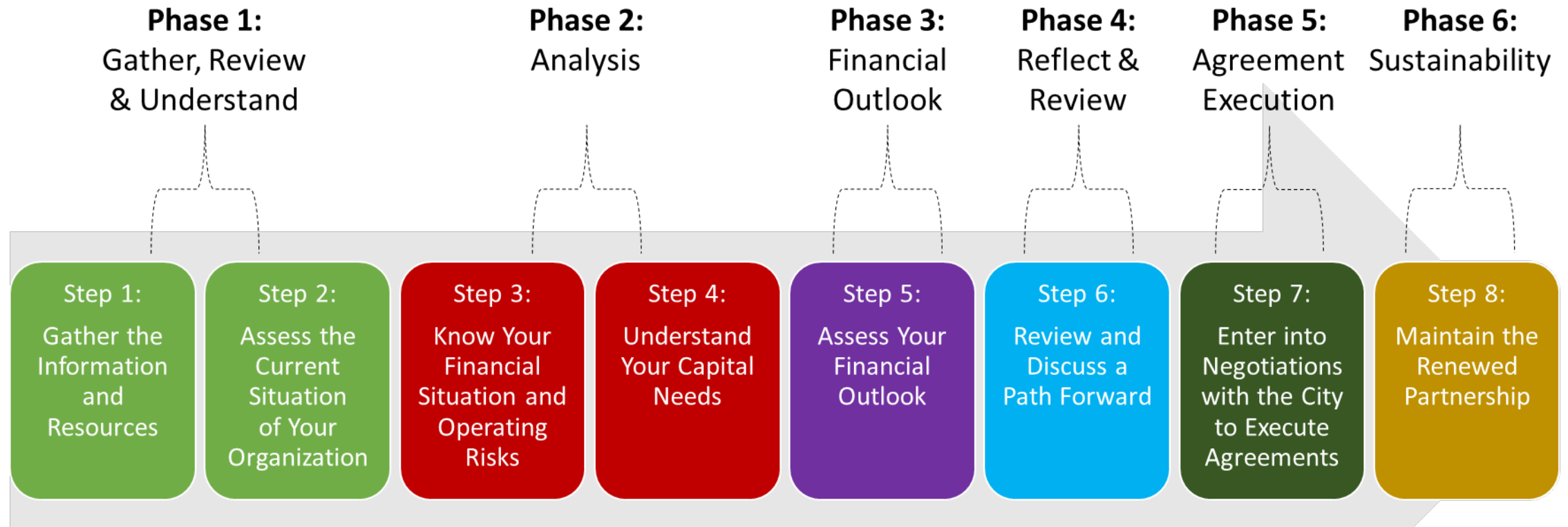


ONPHA or  
CHFT

Your Auditor

Other  
Resources  
(legal, etc.)

# Next Webinar: EOM Roadmap



# Thank You!

For any questions, please email

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