



PREPARING FOR END OF MORTGAGE

**A Readiness Guide for Community
Housing Providers**

April 2025

Introduction

MESSAGE FROM DURHAM REGION HOUSING SERVICES

The Region of Durham has been working diligently to improve affordability and access to housing, protect the existing affordable housing supply, encourage housing diversity, and build capacity in the housing system. At Home in Durham, the Durham Housing Plan 2014-2024 set out four ambitious goals for the future:

Goal 1: End Homelessness in Durham

Goal 2: Affordable Rent for Everyone

Goal 3: Greater Housing Choice

Goal 4: Strong and Vibrant Neighbourhoods

The Region of Durham continues to foster and advance these goals, as we work towards developing a new At Home in Durham housing plan for the coming years. As housing providers begin to reach End of Mortgages (EOM), we enter a new phase of community housing renewal through Service Agreements. This presents an opportunity to form innovative partnerships to enhance affordability and expand quality housing.

The Region of Durham will continue to provide leadership in responding to the growing need for affordable housing, recognizing that protecting and retaining community housing is as important as encouraging new development in facilitating a sustainable and responsive community housing system for the future. The Region of Durham would like to thank you and your organization for participating in this important work.

This Guide is intended to provide you with actionable steps to ensure your organization's readiness for EOM. While capacity and site specifics vary between community housing providers, this Guide outlines the foundation of readiness necessary to tackle the challenges and opportunities presented by EOM. The decisions you make at EOM will have a long-lasting impact on the residents and communities we all serve.

ACKNOWLEDGEMENT

The Region of Durham is dedicated to collaborating with our community housing partners, all levels of government, sector organizations, service managers, and community partners. Our goal is to protect, enhance, and expand community housing to achieve positive housing outcomes for all. The Region of Durham has been working diligently with other service managers across the province to determine best practices and share resources and materials relating to End of Mortgages (EOM). Durham Region would like to recognize the Region of Waterloo, City of Toronto, and York Region for their collaborative efforts as we approach EOM. The Durham Region Preparing for End of Mortgage guide has been the outcome of these collaborative efforts and shared resources.



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Section 1: Board of Directors

END OF MORTGAGE CONTEXT

HISTORY

When community housing projects were initially built, providers entered into operating agreements with the Province of Ontario. In the early 2000s, the province shifted the responsibility for funding and administering community housing to service managers, such as the Region of Durham, replacing these agreements with a new legislative framework. The province first introduced the Social Housing Reform Act, 2000, which was later replaced by the Housing Services Act (HSA). Currently, housing providers are required to follow the requirements laid out in the HSA. These include (but are not limited to):

- Selecting rent-geared-to-income (RGI) households from the Durham Access to Social Housing (DASH) wait list.
- Completing RGI calculations and making RGI decisions in accordance with the HSA.
- Participation in the Housing Service Corporation capital reserve pooling and insurance program schemes.¹
- Reporting certain information to the Region.

Your organization is currently funded by the Region according to a formula outlined in the HSA. This funding formula is made up of three parts:

- rent-geared-to-income (RGI) subsidy,
- property tax subsidy, and an
- operating subsidy (which includes mortgage costs).

The funding model does not change once the original mortgage is fully paid. However, because there are no mortgage costs, the operating subsidy is significantly reduced. In some cases, it may be a negative amount which offsets the RGI and property tax subsidy.

The term “End of Mortgage” (EOM) is used to describe when your organization’s mortgage is completely paid and the funding under the HSA is reduced.

In July 2020, the HSA was amended to provide a new streamlined framework for community housing at EOM to enable its long-term sustainability. In July 2022, new regulations were introduced to operationalize the framework, including the ability to enter new service or exit agreements with community housing providers at EOM. The regulations set out the baseline requirements for service and exit agreements, including service level requirements and minimum funding levels for service agreements. However, the Region and community housing

¹ Co-ops are not required to participate in the insurance program scheme.



providers have flexibility under the new framework to negotiate many of the provisions within a service or exit agreement.

EOM presents an opportunity to modernize the community housing sector and allow housing providers to function in a more autonomous, business-like manner.

You are encouraged to work through the steps in this Guide to identify aspects of a new agreement that align with your organization's vision and financial needs at the end of mortgage.

EOM Key Principles

- **Shared Accountability**

Community housing providers and the Region of Durham have a shared responsibility to the public to facilitate, promote and deliver affordable housing. Public accountability and compliance will be maintained through streamlined, simplified, and transparent reporting processes that minimize administration burden wherever possible.

- **Protecting Tenancies**

Create the flexibility to establish an appropriate funding approach based on the housing provider's unique circumstances in order to protect existing tenancies and deliver affordable, quality housing across the whole of all of Durham.

- **Long-Term Sustainability**

Establish the conditions to support sustainability across the community housing system while ensuring the housing provider is viable in all facets of its business, including stable tenancies, financial management, asset management, governance and operations. This includes working together with the Region of Durham to advocate for permanent financial investments from senior levels of government.

- **Protecting Shared Interests**

Recognize and respect the historical investments made to establish the community housing assets and work together to protect, strengthen, and where possible grow the community housing system.

- **Innovation**

Promote growth and support solutions that modernize the system through capacity building, corporate restructuring, and new development, as applicable.

- **Partnership**

Collaborate to protect, preserve and grow the community housing system to deliver quality housing for residents in our communities, while creating conditions that facilitate community housing providers' ability to be self-sustaining, autonomous and entrepreneurial.



Opportunities

The new legislative framework provides an opportunity to develop more localized solutions that better support individual housing providers to reach long-term financial sustainability, while also addressing broader housing needs across the region. Community housing providers and the Region of Durham have a mutual interest in protecting valuable housing assets, ensuring residents continue to receive community-based housing, and ensuring the financial viability of non-profit and co-operative housing projects.

Part VII.1 Agreements represent a fundamental change to how community housing providers operate and their relationship with the Region of Durham. They provide an opportunity to:

- ensure an appropriate level of stable and predictable funding to the community housing provider's viability
- refine targets and market housing charges, including incorporation of more flexible types of financial housing assistance, like the Durham Rent Supplement.
- streamline processes and reduce administrative burdens.

Until a service or exit agreement is reached, your organization is still required to follow the same rules and reporting requirements and will remain subject to the HSA. Your organization will receive funding based on the existing funding formula (minus mortgage payments). It is important to undertake a financial assessment in advance of your EOM date to understand your revenues and expenses at EOM and determine how your organization will be impacted until a service or exit agreement is finalized.



OPTIONS AT EOM

New regulations under the HSA set baseline rules for service agreements, aiming to simplify complex regulations and increase flexibility to meet individual needs. Service managers can allocate funding based on the specific operational and capital needs of housing providers, moving away from the current prescribed funding formula.

When your project reaches EOM, you have three options:

Status Quo – Remain a designated provider under the HSA:

- At EOM, your project will automatically continue under the current HSA framework, unless you enter into a new service agreement or exit agreement with the Region. This means you will remain under the current funding formula.
- If you choose to continue as a designated project under the HSA, you will have the same obligations, restrictions and reporting requirements. Your subsidy will be reduced to reflect zero mortgage costs, which may offset your property tax and RGI subsidies.

Part VII.1 Service Agreement:

The specific terms of a Part VII.1 Agreement will be negotiated between the individual community housing provider and the Region of Durham to meet shared goals. However, the Part VII.1 Service Agreement must include the following to comply with the HSA:

- A minimum term of 10 years.
- A Financial Plan of at least 5 years that has been jointly developed by the housing provider and the Region of Durham, is reviewed every 5 years, and addresses how the provider will meet its operating and capital expenditures, as well as how market rents will be set.
- The target or range of RGI units, selected in accordance with HSA wait list rules and priorities.
- The target or range of units under an alternate form of municipal housing assistance (per Ontario Regulation 367/11, Schedule 4.2). Currently, the Region funds alternate housing assistance through its Durham Rent Supplement program, which is similar to RGI, but may provides greater flexibility and a different calculation for tenants receiving social assistance.
- Criteria for how households are selected for special needs (supportive) units, as applicable.
- The continued provision of RGI assistance to households already receiving this subsidy prior to entering into the agreement.



- The mandate of the project, as applicable.
- A dispute resolution process with respect to compliance with the agreement.

Under the Part VII.1 Agreement, the Region must provide:

- Funding to the housing provider for RGI/alternately assisted households equal to the difference between 30 per cent of household's adjusted family net income (AFNI) and rent for the unit.
- Additional funding as agreed to between the Region and the housing provider.

The details of the Financial Plan will inform the development of the Part VII.1 Service Agreement. The Region will look to the housing provider to lead this process.

Providers that enter into Part VII.1 Service Agreements are eligible to apply to receive future federal/provincial grant funding (e.g., OPHI and COCHI).

Exit Agreement:

Housing providers at EOM may enter into an Exit Agreement with the Region to cease being a designated project under the HSA. Some providers may be restricted from entering into an Exit Agreement if they must remain a designated provider under the HSA as a condition of existing agreements with the Region for federal/provincial/municipal capital contributions for repairs.

Exit Agreements must include:

- Plan for accommodation of tenants, including continued RGI or alternate assistance (if agreed to by tenant) for RGI tenants
- Plan for the continued operation or redevelopment of the project, or the reinvestment of the proceeds of the sale of the project in affordable housing.

Under an Exit Agreement:

- There is no obligation for the Region to provide subsidy.
- The housing provider would not be eligible for future federal/provincial funding for capital projects as it becomes available (e.g., OPHI and COCHI).

The Region seeks to enter into Part VII.1 Service Agreements with community housing providers at EOM, wherever possible, and will consider Exit Agreement in limited circumstances.



Financial Plans

The five-year Financial Plan is the basis of the service agreement. Instead of a prescribed funding formula, funding will be determined through a Financial Plan jointly developed by the Region and the housing provider. Housing providers are responsible to lead the development of this plan and present this plan to the Region as the first step in the negotiation process. This flexible approach ensures funding meets the specific operational and capital repair needs of housing providers without over or underfunding. Financial Plans should ensure funding supports tenants and members and sustains the building over the term of the service agreement.



These plans will consolidate all funding sources and expenditures to show how total revenues cover expenses, including any planned capital expenditures. They will also set out how unit rents are set. They must be reviewed every five years.

The Region is currently collaborating with external experts to develop a financial tool designed to assist housing providers in creating their financial plans. This tool is expected to be available later in 2025. Once it is ready, copies will be distributed to all housing providers.

In the interim, if you require any support in creating your financial plan, please do not hesitate to contact the Region for assistance.



ROLE OF THE REGION OF DURHAM AS SERVICE MANAGER

As Service Manager, the Region of Durham is responsible for addressing the housing needs in its service area, in line with [Durham Region's 10-Year Housing and Homelessness Plan](#). This includes meeting its legislated service level standard of RGI units, portable housing benefits, and other alternate forms of financial housing assistance. The Region may establish, administer, and fund housing programs in order to meet its targets.

New service agreements with community housing providers at EOM provide an opportunity for the Region to be more responsive to local needs and to grow and sustain the community housing portfolio in line with the strategic direction of Durham's 10-Year Housing and Homelessness Plan.

ROLE OF THE HOUSING PROVIDER'S BOARD OF DIRECTORS

As a Board of Directors, you are the stewards of a critical public asset providing safe and affordable housing for your community. EOM offers a valuable opportunity to consider and address the needs of your individual organization. Your vision must be guided by informed and collaborative decision-making. It is essential for boards to understand where they started, where they are, and where they are going.

This Guide aims to prepare you for EOM and the decisions you must make about the future of your organization. At a high level, it is important that you understand:

- What will change for your organization at EOM and what will remain the same.
- Your organization's obligations now and at EOM.
- Your organization's state of EOM readiness.
- Priorities and long-term plans for the organization.
- The supports and resources available from the Region of Durham and your sector agencies,
- The importance of engagement to discuss options and opportunities that support the goals of your organization in the provision of affordable housing.

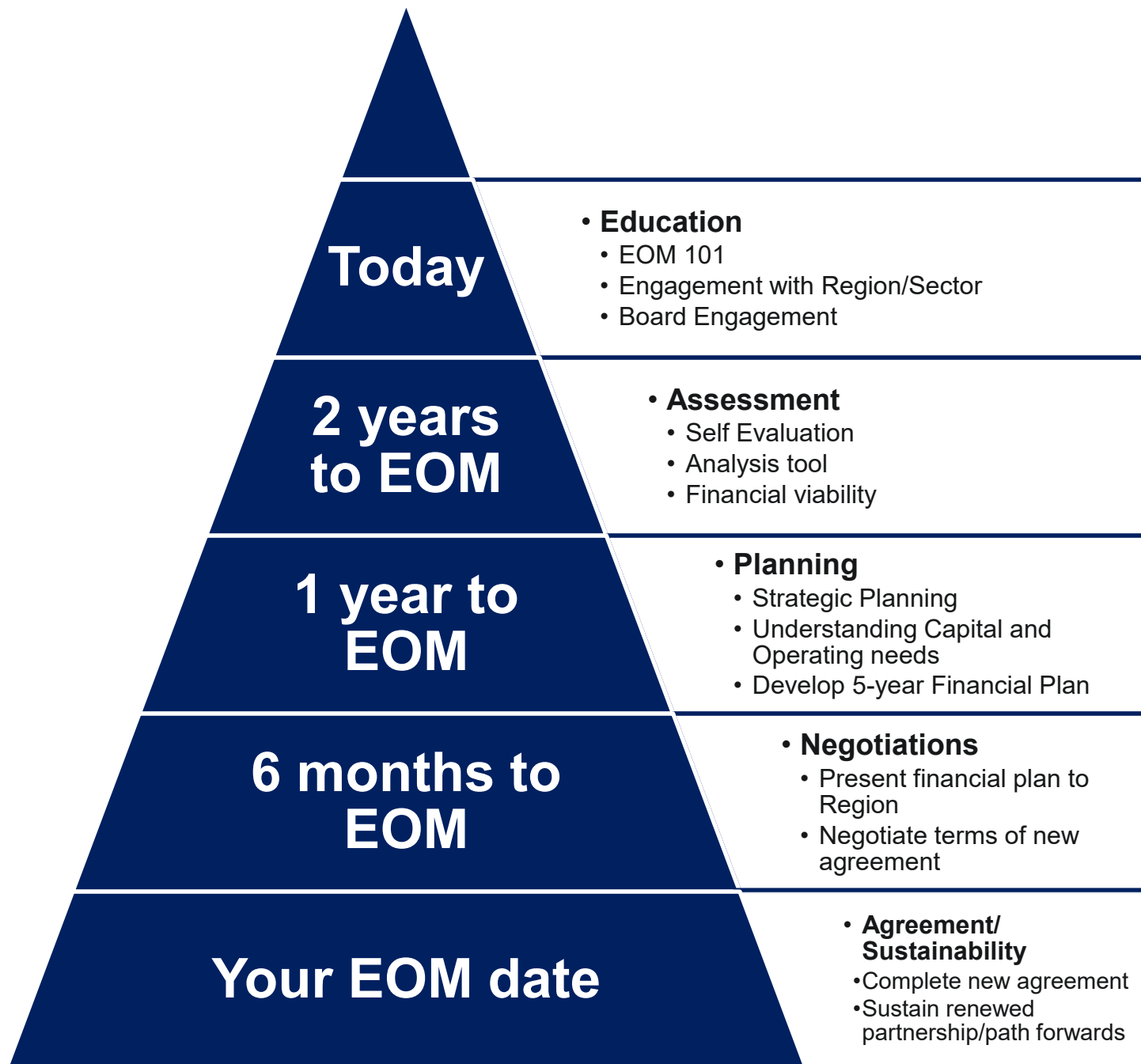
The Region's role as a partner and primary funder is to help your organization get ready for EOM. Through the EOM process, the Region will aim to retain all community housing units to protect and stabilize the sector.



READINESS TIMELINE

As a Board of Directors, it is critical to begin thinking about EOM well in advance of your EOM date. The following graphic indicates the Region's recommended timeline when it comes to EOM planning. This timeline is only a suggestion; feel free to work on each phase as early and long as your organization feels is sufficient for your own individual needs and preparation.

EOM ROADMAP



EDUCATION – STARTING TODAY

Region of Durham's Education Plan

Information sessions will be offered three times per year beginning **May 2025** for interested Housing Provider staff and their board members. These sessions will consist of an EOM 101 and EOM 201.

EOM 101: Understanding End of Mortgage (EOM)

This session will provide an overview of the options at EOM: remaining a designated provider under Part VII of the HSA, Part VII.1 Services Agreements and Exit Agreements. Our goal is to equip you with the knowledge and tools necessary to identify your organization's goals and highlight the importance of early planning. We will also introduce you to various supports available within the Region, sector organizations, and professional networks that can assist in your planning efforts.

EOM 201: Charting the Path Forward for Your Organization

In this session, key topics will include preparing for negotiations, identifying your organization's needs and requests, and developing a comprehensive financial plan. We will also review the role of your Board of Directors and outline the necessary steps to be taken over the coming weeks, months, and years to ensure organizational success.

The Region will have staff available to attend board meetings for providers nearing their EOM date. It is strongly recommended to first attend EOM 101 and EOM 201 sessions before requesting regional staff at a board meeting. This ensures your board is well-informed and able to ask questions specific to their circumstances and needs.

Legislative References

It is important for boards to understand the legislation that applies to EOM. The new framework is set out in [Ontario Regulation 367/11](#) of the Housing Services Act, which outlines the parameters for service agreements in Part VII.1 and exit agreements in section 86.1. These regulations shape the post-EOM community housing landscape.

Boards should also hold general knowledge about other governing legislation that may apply to their organization, including the [Co-operative Corporations Act, 1990](#), the [Residential Tenancies Act, 2006](#), the Ontario [Not-for-Profit Corporations Act, 2010](#), and the Ontario [Human Rights Code, 1990](#) and the [Protecting Tenants and Strengthening Community Housing Act, 2020](#).



Sector Engagement

In the education phase, boards are strongly encouraged to access support and learning opportunities from sector groups. Sector organizations, such as the Ontario Non-Profit Housing Association (ONPHA) and the Co-operative Housing Federation (CHF), can provide valuable insight and guidance to your EOM decision-making. See [Appendix B](#) for a list of Resources from Sector Partners.

Board Engagement

Boards may also wish to contact professionals to help them understand their organization's position regarding assets and financial viability. In addition to the auditor and lawyer you already work with, you may choose to engage accountants, consultants, engineers, and financial advisors. If you are working with a constrained budget and are unable to afford these services, you are encouraged to reach out to sector supports with specific requests.

Housing Program Coordinators from the Region of Durham Housing Services will be available to assist boards to answer any questions about EOM, to facilitate discussion and training opportunities, and to support organizations in readiness. Part 2 of this Guide focuses on organizational readiness for EOM and lists the key areas of focus for housing providers approaching EOM. Housing Program Coordinators can be contacted by emailing CHAdmin@durham.ca.



ASSESSMENT – 2 YEARS TO EOM

What do you know?

After reviewing the educational materials listed above, your board should think about what topics they understand fully and where gaps in knowledge or information exist. Boards are encouraged to reach out to our Housing Program Coordinators and/or sector support staff for clarification and to be directed to relevant resources. [Appendix F](#) can help you develop a quick reference sheet that includes your organization's financial information and corporate standing.

Another valuable tool for the assessment phase is a SWOT analysis. This analysis prompts your organization to consider its strengths, weaknesses, opportunities, and threats as you approach EOM. You should complete this exercise for both your physical building asset(s) and your organization overall. Please see [Appendix C](#) for a SWOT analysis template.

Self-Reflection Exercise

In [Appendix D](#), you will find a self-reflection tool for your board to work through. This exercise focuses on strategic direction, governance, operations, financial sustainability, asset management, and operational needs.

Financial Viability Planning

When engaging in financial planning before EOM, boards should be knowledgeable about the financial viability of the organization. In assessing the financial viability, there are two key dimensions – operating viability and capital viability. Operating viability means that you have enough revenue to cover your day-to-day expenses and set some funds aside for future needs. Capital viability means that you have enough capital reserve funds and planned contributions to cover long-term anticipated capital expenses. It is recommended that you forecast at least five years out for your capital planning to ensure your capital reserve is funded appropriately.



PLANNING – 1 YEAR TO EOM

Strategic Plan and Visioning

As you approach your EOM date, it is important for your board to identify its strategic approach. Consider questions such as:

- What business are you in?
- What are your core competencies?
- What do you want the organization's future to look like?
- What is your financial outlook?

Answering these questions will help your board determine its mission and vision, which will guide your EOM planning.

Board Succession Planning and Organizational Training Needs

Boards have a duty to regularly review policy and bylaws to provide a decision-making framework and guidance. You should also consider what additional training may exist and what incoming directors may need to ensure they have the required skills, knowledge, and competencies to meet their responsibilities. An intentional recruitment process should be established that attracts directors who believe in the strategic plan and vision and reflects the diversity of the population served. Board skills, commitment, and decision-making are key to successful EOM outcomes and realizing the organization's vision. Sector groups such as ONPHA and CHF can provide support with succession planning.

To ensure the long-term viability and success of your housing site, it is beneficial to consider including individuals with diverse skills and experiences on the Board of Directors. This can be achieved by inviting advisory members or community representatives to participate in board activities. This can also be considered for co-operative housing sites. Non-member board participants can bring valuable perspectives and expertise that complement the existing board members' knowledge.

By incorporating a variety of skills and experiences, the board can better navigate complex challenges, make informed decisions, and foster innovative solutions. This approach not only strengthens the governance of the organization but also enhances its ability to meet the needs of its members and the broader community.

Housing Program Coordinator Support

The Region's Housing Program Coordinators can help support you with EOM planning specific to your organization's unique needs. You may wish to explore various scenarios with Regional staff to determine the best option to help you meet your strategic vision.



NEGOTIATIONS – 6 MONTHS TO EOM

When preparing to negotiate a service or exit agreement with the Region, it is important that your board understands what it hopes to achieve with the agreement. During this process, both parties should strive for a shared understanding of terms and conditions to ensure informed decision-making. Be prepared to negotiate with an understanding of your financial viability, building condition, and vision for your organization.

Whether you are pursuing a service or exit agreement, you will need to complete all items on the Due Diligence checklist (see [Appendix E: Due Diligence Checklist](#)).

If you are pursuing a service agreement, be prepared with your Financial Plan, an understanding of your RGI targets and market rents, and your organization's performance indicators. The details of the Financial Plan will be provided by the housing provider and will inform the development of the Part VII.1 Service Agreement. Reporting requirements will be negotiated, led by the Region.

If you are pursuing an exit agreement, there must be a plan for the continued operation or redevelopment of the building, or the reinvestment of the proceeds of the sale of the project in affordable housing. There must also be a plan for the accommodation of existing tenants/co-op members, including continued subsidy to current RGI households. Keep in mind, under an exit agreement there is no obligation for the Region to provide continued subsidy for current RGI households. Under an Exit Agreement, you will no longer be eligible for future federal or provincial funding for capital projects as it becomes available (e.g., COCHI/OPHI). The Region will consider Exit Agreements in limited circumstances.

Until you sign a service or exit agreement, you remain under the Housing Services Act and must adhere to its rules and reporting requirements.

AGREEMENT/SUSTAINABILITY – YOUR EOM DATE

The commitment of boards and staff to the EOM readiness process is essential to reach a service or exit agreement, ideally in advance of your EOM date. After your mortgage expires, your organization should aim for sustainability. Sustainability includes effective ongoing operations, strong asset management, and demonstrated financial viability. This stage should reflect a commitment to preserving your affordable housing and existing tenancies while striving for service excellence, efficiency, and resident satisfaction. There is shared accountability between your organization and the Region of Durham to protect the public investment in community housing.



Section 2: Organizational Readiness

GOVERNANCE

Governance By-Law/Policy

Your board must establish or maintain a governance by-law or policy to guide your board's operations. Note that most organizations will already have this in place. This by-law or policy should address board composition in accordance with your Articles of Incorporation, and a documented system for selection and election of directors. It should lay out the process for proper elections and appointment of officers and include a requirement to sign conduct agreements outlining director duties and conflicts of interest. Conflicts of interest (refer to Community Housing Directive [OPR 2015-01: Standards - Conflict of Interest](#)) must be declared and documented when a director may benefit from a decision, and directors that identify a conflict cannot be involved in that decision-making. Board members cannot be paid for their service as a board member but can be reimbursed for reasonable expenses (refer to Community Housing Directive [OPR 2015-04: Standards - Number of Board Meetings and Remuneration of Directors](#)).

Board Meetings

Your governance by-law or policy should also include information about the frequency of board meetings. Meetings must be minuted, and in camera minutes should be recorded and stored separately for confidential items. Your organization should determine its required number of directors to establish quorum for each meeting, and decisions cannot be made without quorum. Your organization must also hold at least one Annual General Membership Meeting (AGM) to appoint the auditor, elect directors, and approve financial statements, budgets, and major capital expenditures.

Board Training and Succession Planning

Boards should have an established training plan that builds director capacity, clearly defines roles and responsibilities, fosters accountability, and prioritizes areas of concern. This training plan should lay out a clear succession system to attract directors with a complementary skill set and commitment to the strategic vision of the organization. An annual work plan can be a valuable tool to ensure each board member is working effectively towards the organization's goals.



OPERATIONS

Property Management

As your organization approaches EOM, board members should understand the various staffing models available and the best practices associated with each. Organizations can either employ staff directly or hire a property management company to perform duties. Boards are tasked with the governance of the organization, not the day-to-day operations of the housing site. Therefore, boards must ensure appropriate staffing to guarantee that regular tasks and responsibilities are effectively handled and establish a monitoring system that evaluates staff that perform these duties. Boards should also familiarize themselves with applicable employment and health and safety legislation.

If your organization employs its own staff, you are encouraged to connect with appropriate professionals (employment lawyer, tax professional, etc.) to ensure your board is meeting its responsibilities as an employer.

If opting to hire a property management company, the company must clearly outline job descriptions of staff and illustrate a transparent process for staff selection. Property management contracts cannot be longer than five years, at which time a new procurement process must be initiated, unless extended with the approval of the Region's Housing Services Division. The property management contract must be non-assignable, meaning that the company contracted cannot transfer the contract to another company. The property management contract can be terminated by either your organization or the property management company, as long as 60 days written notice is provided (30 days if for breach of contract). Finally, when selecting a property management company, your organization must determine what services are included in the contract. Refer to [Community Housing Directive OPR 2015-03: Standards - Property Management](#) for further details.

Procurement

Procurement is a competitive procedure for obtaining or purchasing goods or services needed for business. Examples of services housing providers might procure include snow removal services, property management, fire protection plans, energy auditing, and bookkeeping. Your organization may also have an internal policy or bylaw that applies to procurement/spending. Housing providers are encouraged to use standard agreements for repetitive and routine work. Your organization should routinely evaluate suppliers and vendors for quality, cost and dependability, and regularly "test the market" for all vendors to ensure best value for money within industry standards.



RGI Targets

Your organization's RGI target refers to the number of RGI units that you are required to provide and maintain, per your current Service Agreement. To comply with the Housing Services Act, you must maintain your target number of RGI units which also ensures there is a sufficient number of subsidized housing unit in the community. At EOM, RGI targets may be amended to include alternate forms of financial housing assistance, but it is anticipated that the total targeted number of assisted units will remain the same. However, if you feel your current targets need review, EOM is a good opportunity to have this discussion with the Region.

RGI Files

As you approach EOM, housing provider staff should review RGI files to ensure that records are complete, appropriate notices were sent, and that calculations were completed correctly. The ability to administer RGI is a key staff competency when measuring operational readiness for EOM.

As service manager, the Region is responsible for RGI administration and funding; however, existing Service Agreements assign the administration of RGI to housing providers. RGI files must include:

- Leases/Occupancy Agreements
- Move-in documentation
- Supporting documentation for RGI eligibility (e.g. proof of income, proof of status in Canada, etc.)
- Annual RGI calculations
- Notices of decision

Local RGI rules are laid out in the [Resources for Community Housing Provider's](#) section of our website. This includes Directives, as well as the RGI Guide. These resources are regularly updated to reflect current legislative and regulatory requirements as needed.



ASSET MANAGEMENT

As a Board, a crucial part of your responsibilities is capital planning. This process sets the priorities for restoration and maintenance of your housing project. You need to evaluate the current condition of your housing project and plan for future maintenance and capital repairs. By leveraging capital planning, Boards can make informed decisions and recommendations for repairs or replacements, thereby extending the lifespan of assets. Capital planning is essential not only for addressing current needs but also for ensuring the long-term viability of your project.

Preserving your assets and promoting best practices in asset management are key elements the Board must continue to champion post-EOM. The Board needs to understand the capital requirements of the housing project and prioritize long-term capital expenses to keep buildings in good repair. With an ongoing understanding of your housing project's condition, the Board can make well-informed decisions related to capital planning.

Building Condition Assessments (BCA)

A BCA identifies individual building component life cycles and provides a long-term schedule of recommended projects for completion and estimated costs. Your BCA should inform your financial and capital planning and should be used to update your budget and 5-Year Capital Plan annually. The Region is currently exploring opportunities to support housing provider to complete BCAs. More information will be shared throughout 2025.

Capital Reserve Fund

Housing providers should make annual contributions to their capital reserve to fund planned future needs or cushion against unplanned events and expenses. It's important to review the capital reserve fund balance each year during your organization's budget process to aid in financial planning and to anticipate future needs. At EOM, understanding how the capital reserve fund supports your organization's financial health and its capacity to complete scheduled capital projects is particularly crucial.

Currently, housing providers are required to participate in the HSA reserve pooling through Encasa. If your organization enters into a Part VII.1 service agreement, you are still required to participate in the HSA reserve pooling; however, amounts of contribution can be negotiated.



FINANCES

To support financial planning for service agreements, Boards should be well-informed about the organization's financial position, encompassing both operational and capital viability. Operational viability means having sufficient revenue to cover expenses and set aside funds for future needs. Capital viability involves ensuring that reserve funds and planned contributions are available to meet anticipated capital expenses.

The end of a mortgage significantly reduces operating expenses, which may alter operational needs. Boards must consider any new pressures that could impact overall financial sustainability.

Boards should also understand the organization's non-profit and tax-exempt status. This status is based on the Articles of Incorporation and the established mandate as a community housing provider. Changes to incorporation documents or activities could affect the organization's non-profit and tax-exempt status, thereby impacting financial sustainability. Under the HSA, housing providers must have the Region's consent to change their Articles of Incorporation.

5-Year Financial Plan

A 5-year financial plan is essential for influencing a Part VII.1 Service Agreement as it provides a comprehensive and strategic framework for managing an organization's financial resources. This plan ensures that the organization can meet its financial obligations, sustain operations, and achieve long-term goals, which are critical for negotiating and fulfilling the terms of a Part VII.1 Service Agreement.

Importance of a 5-Year Financial Plan

1. **Strategic Financial Management:** It helps in aligning financial resources with the organization's strategic objectives, ensuring that funds are allocated efficiently to support key initiatives.
2. **Budgeting and Forecasting:** It provides a clear picture of expected revenues and expenditures, enabling better budgeting and financial forecasting.
3. **Risk Mitigation:** By planning ahead, potential financial risks can be identified and mitigated, ensuring financial stability.
4. **Compliance:** This ensures the organization follows all relevant laws, regulations, and guidelines. For a Service Agreement, this could include financial regulations, reporting requirements, and operational standards. Ensuring compliance helps avoid legal issues and penalties.



5. **Accountability:** This involves being transparent about the organization's actions and decisions, and being answerable to stakeholders such as funders, clients, and the community. It means providing clear and accurate information about how resources are used and the outcomes achieved.

The five-year Financial Plan is the basis of the service agreement. Instead of a prescribed funding formula, funding arrangements will be determined using the Financial Plan. Housing providers should put together a comprehensive Financial Plan to present to the Region for review in the early stages of the negotiation process. This method offers flexibility to better address the unique operational and capital repair needs of each housing provider.

Financial plans will consolidate all funding sources and expenditures to show how the housing provider's total revenues will cover expenses. They will also outline how unit rents will be set. These plans must be reviewed every five years. The Financial Plan should ensure that housing providers remain sustainable over the long term and have the necessary funding to support their operational and capital needs



Section 3: Appendices

APPENDIX A: GLOSSARY

Arrears: Outstanding rent or housing charges that are owed to your organization

Articles of Incorporation: The instrument that incorporates a corporation or modifies its incorporating instrument, including restated articles of incorporation, articles of amendment, articles of amalgamation, articles of arrangement, articles of continuance, articles of dissolution, articles of reorganization, articles of revival, letters patent, supplementary letters patent or a special Act.

Board of Directors (Board): A formal body made up of executive members that jointly supervise and authorize the activities of an organization. For co-ops, boards are typically comprised of members of the co-op.

Building Condition Assessment (BCA): A systematic inspection, review, and report of capital costs as it relates to the state of your building(s) infrastructure

By-Laws: A set of rules established by an organization or community to regulate how decisions are made

Capital Plan: A plan that itemizes, prioritizes, and projects your organization's capital repair work timeline and estimated costs for building components.

Capital Reserve Fund: An investment established for accumulated funds to cover capital costs

Community Housing: Subsidized housing, social housing, supportive housing, and affordable housing that is owned and/or operated by non-profit housing organizations, non-profit housing co-operatives, municipalities and Indigenous housing providers.

Co-operative Housing Federation (CHF): An organization of members committed to represent and serve those living in co-operative housing in Canada

Co-operative Corporations Act, 1990: Legislation that defines what a co-operative is and indicates how they must operate

End of Mortgage (EOM): Describes the point in time at which a Housing Provider's mortgage is paid off and the mortgage costs are no longer included in calculating the subsidy prescribed in the HSA funding formula

Financial Plan: A plan that sets out how the organization will meet its operating and capital needs over a specified period. It identifies, organizes, and prioritizes short-term and long-term financial goals, as well as actions to achieve them.

Financial Viability: The effective balance of an organization's long-term debts, assets, operation and maintenance expenses, and operating revenue



Governance: A system by which an organization is controlled, functions and regulates decisions-making

Housing Program Coordinator: Regional Housing Services staff that support housing providers in the areas of governance, financial viability, operations, and asset management

Housing Provider: A non-profit or Co-operative organization that provides housing, under the portfolio of the Region of Durham.

Housing Services Act, 2011 (HSA): Legislation that defines what housing roles and responsibilities need to be followed by municipalities, and highlights the priorities for affordable and social housing

Housing Services Corporation (HSC): A non-profit organization created under Provincial legislation to improve the long-term sustainability of housing providers and their assets, as well as the quality of life for their residents. Its members consist of non-profit and Co-operative community housing provider, local housing corporations and service managers

Ontario Human Rights Code, 1990 (OHRC): Legislation that gives everyone equal rights and opportunities without discrimination and harassment in the areas of employment, housing, and services

Ontario Not-for-Profit Corporations Act, 2010 (ONCA): Provides non-profit organizations with the legal framework on how organizations are created, governed, and dissolved

Ontario Non-Profit Housing Association (ONPHA): A non-profit organization made of members that play a critical role in the affordable housing sector through providing advocacy, education, training, and resources

Property Management: The daily oversight of the Housing Provider's operations by a hired individual or company

Protecting Tenants and Strengthening Community Housing Act, 2020: Legislation that made amendments to the Residential Tenancies Act and Housing Services Act intended to prevent unlawful evictions and offer tenant repayment options for rent arrears

Regulation: Government-issued regulations that set out the operational details of programs created by legislation. The *Housing Services Act, 2011*, has several regulations which detail the requirements of the RGI program.

Rent-Geared-to-Income (RGI): A type of housing assistance where households pay 30 percent of their income towards rent or housing charges

Residential Tenancies Act, 2006 (RTA): Legislation that governs the relationship between the landlord and tenant in a residential setting

Service Level Standards: The performance measure established by the Province of Ontario delegating the number of subsidized units that a service manager must provide in a catchment area



Service Manager: Municipalities and District Social Services Administration Boards designated under the *HSA* to manage social housing programs across Ontario. For the City of Toronto, it is the Executive Director of the Housing Secretariat.

Strategic Plan: A plan that defines an organization's strategy and actions to maintain that strategy. It communicates who the organization is, who it serves, what it does, and why it does it, with a focus on the future.

Strengths, Weaknesses, Opportunities, and Threats (SWOT): An analysis tool used for your organization to reflect on the following areas of strengths, weaknesses, opportunities, and challenges

Succession Planning: A process and strategy for replacing board members used to identify competencies, development, and training needed for a board's fiduciary and governance responsibilities

5-Year Capital Plan: A plan that itemizes, prioritizes, and projects your organization's capital repair work timeline and estimated costs for building components



APPENDIX B: RESOURCES FROM SECTOR PARTNERS

Ontario Non-Profit Housing Association (ONPHA)

Ontario Non-Profit Housing Association is a member funded and directed association that represents nearly 700 non-profit housing providers and local housing corporations throughout Ontario. ONPHA provides advocacy and government relations, education and research, knowledge transfer and events, and bulk procurement and professionals services.

As it relates to end of mortgage planning, ONPHA provides toolkits and resources including:

Community Housing Renewal Strategy Transformation Guide: This guide outlines the journey ahead for housing providers and helps navigate the end of mortgage period. It offers support and guidance throughout the transformation process.

ONPHA's Sector Transformation Enterprise Program: This program offers professional services for housing providers. It allows members to access vendors and their expertise, providing an all-encompassing solution for those undergoing changes.

ONPHA's Webinar: This webinar discusses what you need to know to navigate community housing renewal.

New Regulatory Framework FAQ Document: This resource helps housing providers understand Ontario's New Community Housing Regulatory Framework and its implications, offering clarity and guidance.

ONPHA's Analysis of Regulatory Amendments: This resource provides an analysis of regulatory amendments under the *Housing Services Act, 2011* in relation to Service and Exit agreements.

Co-operative Housing Federation of Toronto and Canada

Co-operative Housing Federation of Toronto is a member-supported organization representing more than 50,000 people living in more than 180 non-profit housing co-operatives located in Durham, Toronto, and York Region. CHFT offers a wide range of services including strategic advice, government negotiations, bulk purchasing, resources and education, legal services, representation, and advocacy. Co-operative Housing Federation of Canada is the national voice of co-operative housing, representing 2,200 housing cooperatives, home to a quarter of a million people in every province and territory. CHFT and CHF Canada are working in partnership to assist housing cooperatives as their mortgages come to an end. CHFT leads in Toronto and collaborates with all co-ops.



As it relates to end of mortgage planning, CHFT and CHF Canada provide toolkits and resources including:

- End of Mortgage Checklist: This document helps prepare co-ops for agreement talks with Service Managers.
- Preparing to Negotiate at End of Mortgage: This resource helps co-ops prepare for and conduct successful negotiations.
- Techniques for End of Mortgage Negotiations: This resource contains tips to assist co-ops in conducting successful negotiations.
- End of Mortgage Guide for Co-Ops Entering Into Agreements: This guide helps co-ops and their boards make informed decisions and negotiate the best possible outcomes for their communities.

Housing Services Corporation (HSC)

Housing Services Corporation is a non-profit organization committed to ensuring that Ontario residents have access to safe and affordable housing that improves their quality of life. The organization works with Ontario's 1,400+ community housing providers and 47 Service Managers to help them make the best use of their resources and manage their buildings more effectively.

HSC offers a wide range of business solutions and technical services for the housing sector. Related to end of mortgage, HSC has been supporting the sector for over 10 years in planning for this milestone by providing services including asset management planning, strategic planning, data analysis and financial modeling, facilitation, and community engagement. HSC has worked with over 27 Service Managers and over 200 housing providers across Ontario to guide their planning for end of mortgage.

HSC offers two online, self-paced courses for non-profit housing providers (board and staff) to help build knowledge and plan for end of mortgage. The two courses include:

- Essentials Course: 5 learning modules on the *Housing Services Act*, regulatory changes, post-EOM operating environment for non-profits, new service and exit agreements and key considerations. Modules include videos, activities, reading material and sector resources.
- Prepare and Plan Course: 8 learning modules focused on information gathering, planning, decision-making, assessing your situation and negotiating new agreements. Modules include videos, practical exercises, workbooks and reading materials.

These courses are available annually three times per year, in the fall, winter, and spring. Learners have access to the course content for three months after registering.



APPENDIX C: SWOT ANALYSIS

A SWOT Analysis is a helpful tool to consider and evaluate the organization's strengths, weaknesses, opportunities and threats as it prepares for the end of its mortgage and transitions to a service agreement with the Region. This tool can be completed with consideration to the areas outlined in this guide, as well as any other needs of the organization:

- Strategic planning, including vision, priorities and short and long-term goals of the organization
- Governance and organizational needs, including succession planning
- Financial sustainability and asset management
- Operational needs, including the needs of tenants and members

Strengths <i>What is working well, organizational advantages, key resources, assets, etc.</i>	Weaknesses <i>Areas for improvement, resource limitations, etc.</i>
Opportunities <i>Situations to apply your advantages, support tenants/members, use of assets, etc.</i>	Threats <i>Areas of risk posing challenges to any aspect of the organization or its assets, etc.</i>



APPENDIX D: SELF-REFLECTION TOOL

Guide Questions	Gaps <i>What gaps exist? What do we need to work on?</i>	Priorities <i>What are our top priorities to address the identified gaps?</i>	Key Actions and Resources <i>What actions will we take to advance the priorities? What resources are needed?</i>	Timelines <i>When might the actions be completed?</i>
Strategic Planning and Visioning				
<ul style="list-style-type: none"> What is most important to our organization as a community housing provider? What do we see for the future of our organization? What are our short- and long-term goals as a community housing provider? 	•	•	•	•
Governance and Organizational Needs				
<ul style="list-style-type: none"> What is working well with our governance and organizational management, and what might need improvement? What skills or knowledge is needed to support our organization now and in the future? Does our organization have an effective succession strategy to plan for and fill vacant Board positions? 	•	•	•	•

Guide Questions	Gaps <i>What gaps exist? What do we need to work on?</i>	Priorities <i>What are our top priorities to address the identified gaps?</i>	Key Actions and Resources <i>What actions will we take to advance the priorities? What resources are needed?</i>	Timelines <i>When might the actions be completed?</i>
Financial Sustainability				
<ul style="list-style-type: none"> • Does the current financial position align with our organization's vision and goals? • Do we anticipate any operational pressures? • Are resources needed to address these pressures? 	•	•		•
Asset Management				
<ul style="list-style-type: none"> • Which capital repair needs should be prioritized over the next five years? • Does our organization have an effective preventative maintenance plan? 	•	•	•	•
Operational Needs				
<ul style="list-style-type: none"> • How are day-to-day operations managed? What is working well and what might need improvement? • Are any additional programs or services needed to support tenants and members? • Is our organization meeting or below its RGI target? 	•	•	•	•



APPENDIX E: DUE DILIGENCE TOOL

This checklist provides an overview of items that must be completed as you approach End of Mortgage. In order to sign a Service or Exit Agreement, these items must be reviewed and understood by your Board and Property Management staff.

Item	Yes	No	N/A	Notes
5-Year Capital Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Building Condition Assessment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Annual Subsidy Entitlement/Interim -ASE	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Board Training Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Land Title Search	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Incorporation Documents (i.e. ONCA compliance, Articles of Incorporation, Dissolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Non-Profit Status/HST Exemption	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Capital Funding (e.g. SHRRP, SHIP, SHEEP, COCHI/OPHI) affordability requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Loan Obligations (Housing Capital Loan Agreement or Region Revolving Fund)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
By-Law/Policy Review (internal moves, conflict of interest, procurement, arrears, guest/visitor)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

APPENDIX F: CURRENT STATUS INFORMATION

Purpose: This template will help you develop a quick reference sheet that includes your organization's financial information and corporate standing.

Corporate Overview (to be completed at the portfolio level)

Legal Name of Organization:

Total Units in Portfolio:

RGI Unit Target:

RGI Units Currently Provided:

Mandate (if any):

Financial Overview (to be completed at the portfolio level for the last fiscal year)

Non-Profit or Charitable Status:

GST/HST Exemption Level:

Annual Information Return Date:

Capital Reserve Fund Balance:

Capital Reserve Fund Contribution:

Investments:

Surplus or Deficit:

Accumulated Surplus:

Project Overview (to be completed at the project level for each project)

Address of Project:

Year Built:

Mortgage Expiry Date:

Total Units:

RGI Units Currently Provided:

Referral Agreements (if any):



Funding Overview (to be completed at the portfolio level for the last fiscal year)

Number of Funding Agreements:	_____
Total Value of Funding Agreements:	_____
COCHI Funding Amount:	_____
OPHI Funding Amount:	_____
Other Funding Amounts:	_____

Loan Overview (to be completed at the portfolio level)

Number of Provincial Loans:	_____
Total Amount of Provincial Loans:	_____
Balance of Provincial Loans:	_____
Provincial Loan Obligations:	_____
Number of City Loans:	_____
Total Amount of City Loans:	_____
Balance of City Loans:	_____
City Loan Obligations:	_____

Asset Management Overview (to be completed at the portfolio level)

Most Recently Completed Building	Year_____
Condition Assessment:	
Most Recently Completed Capital	Year_____
Plan:	

