



# Communiqué

**Issue 2024-01**

**Date: January 12th, 2024**

*The Requirements, Recommendations and Guidelines in this Communiqué are applicable to the social housing providers administered by the City of Hamilton.*

✓	Providers Under <i>Housing Services Act, 2011</i>
	Providers Under a Federal Operating Agreement
	Requirement
✓	Guidelines
	For Information Purposes Only

**SUBJECT: End of Mortgage Preparation Guide**

Hello Providers,

Please see the attached City of Hamilton’s *End of Mortgage Preparation Guide* to help you and your Boards prepare for End of Mortgage. This Guide is divided into three sections. The first section focuses on preparing Boards of Directors with the information they need to make decisions for their organizations about End of Mortgage (EOM). It provides information about the basics of EOM and suggests items to consider in advance of your mortgage being paid out. The second section focuses on the key indicators that demonstrate your organization’s readiness for EOM and provides information on how to prepare for End of Mortgage. The third section details the City of Hamilton’s strategy and approach to End of Mortgage.

The City of Hamilton’s End of Mortgage Strategy and Implementation Report, approved by Council on October 25<sup>th</sup>, 2023, can be found with the other Communiques on the Housing Provider information webpage: [Housing Provider Information | City of Hamilton](#)



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# END OF MORTGAGE PREPARATION GUIDE

The content in this guide was developed by the Region of Waterloo and has been modified to address the City of Hamilton's context with permission from the Region of Waterloo.

Special thanks to the creators and contributors of this guide - the Region of Waterloo Housing Programs Team & their local provider advisory committee, the CHEER

OCTOBER 2023

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# End of Mortgage Preparation Guide

**The community housing sector in Ontario is facing an unprecedented challenge and opportunity - End of Mortgage. This Guide aims to provide the information you need to make informed decisions that align with your organization's goals and vision.**

This Guide is divided into three sections. The first section focuses on preparing Boards of Directors with the information they need to make decisions for their organizations about End of Mortgage (EOM). It provides information about the basics of EOM and suggests items to consider in advance of your mortgage being paid out. The second section focuses on the key indicators that demonstrate your organization's readiness for EOM and provides information on how to prepare for End of Mortgage. The third section details the City of Hamilton's strategy and approach to End of Mortgage.

Please see **Appendix A** for a glossary of terms used throughout the Guide.

This Guide was created with the following principles:

- Applicable to both non-profits and co-ops
- For use by both staff and boards
- Written using accessible language
- For use by Housing Providers pursuing both service and exit agreements

# **EOM Preparation Guide**

## **Section 1:**

# **Board of Directors**

**Part 1: EOM 101**

**Part 2: Preparing for End of  
Mortgage**

**Part 3: The City of Hamilton's  
EOM Strategy**

# End of Mortgage 101

## The History

This guide focuses on agreements that were initially made between Housing Providers and the Provincial government rather than agreements made with the Federal government. Agreements made with the Federal government do not have the same obligations as agreements that were made with the Provincial government.

When your housing project was constructed, the organization entered into a mortgage and a project operating agreement. In 2001, the Province repealed these agreements and transferred the responsibility for community housing administration and funding to the City of Hamilton via the Social Housing Reform Act, 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 City's centralized wait list (Access to Housing (ATH))
- Completing RGI calculations and making RGI decisions in accordance with the HSA
- Annual capital reserve contributions and insurance program participation
- Reporting certain information to the City of Hamilton

Your organization is funded by the City according to a formula outlined in the HSA. This funding formula is made up of 3 parts: Rent-geared-to-income subsidy, property tax subsidy, and an operating subsidy (which includes mortgage payments). The term “End of Mortgage” (EOM) is used to describe when your organization’s mortgage is completely paid.

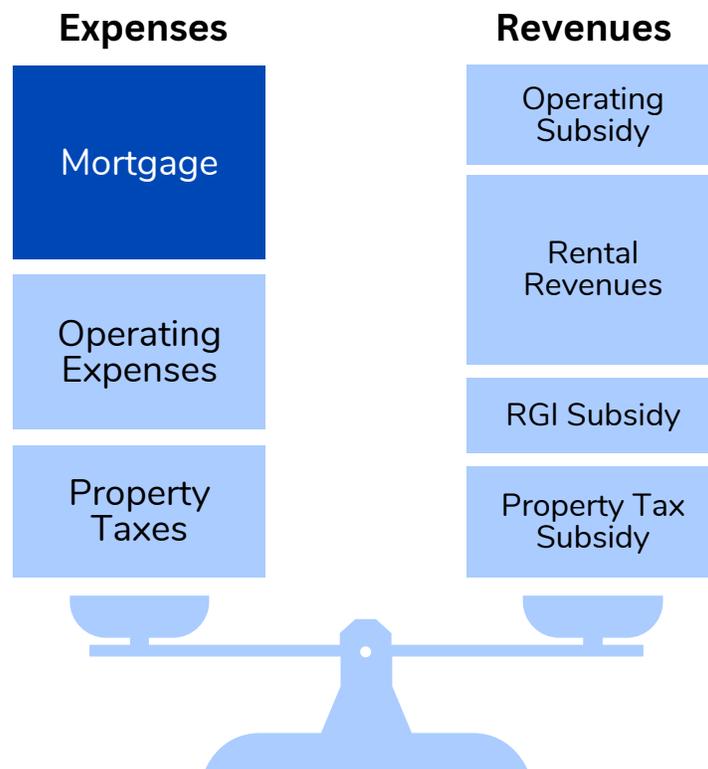
On March 30, 2022, the Province released regulations (Ont. Reg. 241/22 and Ont. Reg. 242/11) regarding the new service and exit agreement framework for community housing projects reaching EOM. The new legislation provides the baseline requirements of service and exit agreements, the community housing access system, and service level requirements. For Housing Providers choosing to negotiate new service agreements, the updated legislation requires Service Managers to bridge the gap between what the RGI tenant pays and the cost for otherwise renting the unit. Other funding can be negotiated via service agreements.

# End of Mortgage 101

## The Historic Funding Formula

Currently, the Housing Services Act prescribes the formula for how Housing Providers are funded by the City, including monies for:

- Operating costs (mortgage payment, maintenance, utilities, professional fees, administration, etc., capped at benchmarked rates established by the Province each year)
- RGI subsidies
- Property taxes paid by the Housing Provider



At EOM, your organization will no longer receive funding for mortgage payments, as you will no longer have this expense. Due to the complexity of the funding model and depending on your revenue and subsidy levels at EOM, the amount of funding you receive to support your operations may change. You are encouraged to work through the steps outlined in this Guide to determine whether a service or exit agreement will best meet your organization's identified vision and financial needs at EOM.

# End of Mortgage 101

## The Options

When your organization reaches EOM, you have two options:

### Service Agreement

- Your organization and the City of Hamilton work together to establish a new service agreement for a term of at least 10 years
- Service agreement provides funding for existing RGI units, maintains general affordability, and addresses operating and capital needs
- Must include a financial plan that is viable and keeps buildings in a satisfactory state of repair. The financial plan must be reviewed at least every 5 years.

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### Exit Agreement

- Your organization and the City of Hamilton work together to establish an exit agreement
- While your organization exits the HSA, the agreement must include affordability and protection for existing residents and preserve public investment in community housing. This means that your organization cannot sell or divest without the City of Hamilton's approval. This also means that your organization must be financially able to subsidize existing RGI units.
- Housing Providers are expected to communicate with RGI tenants that changes will not be made to their rent (i.e., the amount of rent they pay stays the same, continuing to follow allowable provincial rent increases).

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 outlined above (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.

**Both of these options will focus on protecting existing tenancies and fostering long-term sustainability in the community housing sector.**

# End of Mortgage 101

## Why does it matter?

As a Board of Directors, you are the stewards of a critical public asset providing safe and affordable housing for your community. EOM presents a unique opportunity to think critically and carefully about the needs of your organization. Your vision must therefore be guided by well-informed and collaborative decision-making. It is essential for boards to understand where they started, where they are, and where they're 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 City of Hamilton, your sector, and the importance of early engagement to discuss options and opportunities that support the goals of your organization in the provision of affordable housing

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

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.

See [Appendix B](#) for a briefing note about EOM.

# Steps to Prepare for EOM



As a Board of Directors, it is important to begin thinking about EOM well in advance of your EOM date.

To help you prepare, the graphic above illustrates suggested considerations prior to EOM. Below, you will find further information about what to work on at each stage.

You should feel free to work on each phase early and often if possible. For example, you may wish to establish a strategic plan for your organization years before your EOM date to guide your decision-making.

# Education



## Engagement

It is important for Housing Providers to be knowledgeable of and prepared for End of Mortgage. Housing Providers should make sure that their members and or board are equally well-versed on End of Mortgage issues. To ensure that housing providers are knowledgeable of EOM legislative changes, opportunities and how to prepare, the City of Hamilton sent End of Mortgage communique's to housing providers, hosted update and engagement EOM sessions, and shared available resources.

Housing Provider staff and board members are strongly encouraged to view past communique's (posted under Housing Provider Information on the City of Hamilton's website). You are also encouraged to review the slide information and Q&A that were sent following the EOM presentations.

Housing Officers will reach out to you before your EOM date to ensure that you are aware of your EOM date, the legislative changes and are preparing for End of Mortgage. Providers looking for additional resources should feel free to contact their Housing Officer.

## Legislative References

It is important for boards to understand the legislation that applies to EOM. Ontario Regulation 241/22 outlines the parameters for service and exit agreements, while Regulation 242/22 deals with service level standards, managing RGI for existing tenancies, and offering RGI units to households from the wait list. These updates are reflected in the Housing Services Act O. Reg 367/11. These regulations work hand-in-hand to shape the post-EOM community housing landscape.

More broadly, boards should foster a general knowledge about other governing legislation that may apply to the organization, including the Co-operative Corporations Act, 1990, the Residential Tenancies Act, 2006, the Ontario Not-for-Profit Corporations Act, 2010, the Ontario Human Rights Code, 1990, and the Protecting Tenants and Strengthening Community Housing Act, 2020.

# Education

## 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), the Co-operative Housing Federation (CHF), and Golden Horseshoe Co-operative Housing Federation (GHCHF) can provide valuable insight and guidance to your EOM decision-making.

## 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 Officers from the City of Hamilton will be available to boards to answer any questions about EOM, to facilitate discussion and training opportunities, and to support organizations to prepare for EOM. Part 2 of this Guide, focused on organizational readiness for EOM, lists the key areas of focus for Housing Providers approaching EOM, including:

- Governance
- Operations
- Asset Management
- Finance

# Reflection



## 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 their Housing Officers and/or sector support staff for clarification and to be directed to relevant resources. The City of Hamilton retains information about your organization in the areas of: corporate status and site information, operations, finances, loans and other funding and asset management. **Appendix G** outlines the information that you will be asked to submit at End of Mortgage. Please review and understand **Appendix G** as any new agreements should accurately reflect your organization and its obligations.

## Analysis Tool

Another valuable tool for the reflection phase is a strengths, weaknesses, opportunities, and challenges (SWOC) analysis. This analysis prompts your organization to consider its strengths, weaknesses, opportunities, and challenges as you approach EOM. You could complete this exercise for both your physical building asset(s) and your organization overall. Please see **Appendix C** for a SWOC analysis template.

## Self-Reflection Exercises

In **Appendix D** you will find a series of self-reflection tools for your board to work through. These exercises focus on strategic direction, governance, operations and administration, and financial management. Once you have completed these exercises, you are encouraged to use your reflections to formulate a work plan using the template provided in **Appendix E**.

# Assessment



## Assessments + Housing Provider Indicators of Good Practice

In advance of your End of Mortgage date, Housing Services staff will complete an assessment of your organization to determine your position in relation to key indicators of excellence in the areas of governance, financial management, asset planning, and operations. As a board, you should review any previous operational review report(s) and assessment feedback to address any areas of concern identified and ensure your organization is best equipped for EOM.

## 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 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.

# Positioning



## Strategic Plan and Visioning

As you approach your EOM date, it's important for your board to identify its strategic approach. Consider questions such as: What business are we in? What do our residents want? What makes us unique, and why do people want to live here? What are our core competencies? What do we want the organization's future to look like? What is our financial outlook? Answering these questions will help your board determine its mission and vision, which will guide your EOM planning.

## Board Succession Planning + Organizational Training Needs

Boards have a duty to regularly review policy and bylaws to provide a decision-making framework and guidance. All City of Hamilton policies for housing providers can be found under Housing Provider Information on the City website. You should also consider what additional training existing and incoming directors require to ensure they have the desired 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 who reflect 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. See [Appendix F](#) for a Succession Planning Tool.

## Housing Officer Check-In

During this period, it is important to connect with your Housing Officer. Your Housing Officer can support you with EOM planning specific to your organization's unique needs. You may wish to explore various scenarios (exit vs. service agreement) with your Housing Officer to determine the best option to help you meet your strategic vision.

# Agreement



Agreements will only start to be negotiated with the City when your project is either at or near End of Mortgage. When preparing to negotiate a service or exit agreement with the City of Hamilton, 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.

If you are pursuing a service agreement, be prepared with your capital plan and an understanding of your service level standards (RGI targets) and requirement to use the waitlist, your organization’s performance indicators, and any applicable reporting requirements.

If you are pursuing an exit agreement, there must be a plan for the continued operation of the building and for providing a subsidy to current RGI households. Until you enter into a service or exit agreement, you stay in the Housing Services Act and must continue to follow its rules and reporting requirements.



# Sustainability



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 City of Hamilton to protect the public investment in community housing.



# Progress Tracking Note Sheet

## Education

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## Reflection

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## Assessment

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## Positioning

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## Agreement

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## Sustainability

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# **EOM Preparation Guide**

## **Section 2:**

# **Organizational Preparation**

- Part 1: Governance**
- Part 2: Operations**
- Part 3: Asset Management**
- Part 4: Finance**

# Governance

## Governance By-Law/Policy

Your board must establish or maintain a governance by-law or policy to guide your board's operations. This by-law or policy should address board composition in accordance with your Articles of Incorporation (also known as letters patent), 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 conflict of interest. Conflicts 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. Housing Providers and board members should be familiar with *Hamilton's Minimum Number of Housing Provider Board meetings and Remuneration of Board Directors Policy*.

## Board Meetings

Your governance by-law or policy should also include information about the frequency of board meetings. City policy requires boards to meet a minimum of 4 times each year. 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 General Membership Meeting (GMM) annually to appoint the auditor, elect directors, and approve financial statements, budgets, and major capital expenditures. Housing Administration Officers are required to attend board meetings to advise the board on regulations and local rules and to help the board make informed decisions.

## 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. See **Appendix F** for a Board Succession Planning Tool. Sector support organizations such as ONPHA and CHF also have resources that can help with succession planning and governance strategies. You should be familiar with the City of Hamilton's *Housing Provider Training and Board of Director Succession Plans Policy*.

# 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 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 healthy & safety legislation.

If your organization directly employs its own staff, employment contracts must include: staff duties, supervision and responsibilities, standards of work, salary, vacation, sick policies, reimbursement of expenses, reporting structure, confidentiality, performance reviews, grievance procedure, and terms for termination of employment. If your organization employs its own staff, you are strongly 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 three years, at which time a new procurement process must be initiated. 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. Finally, when selecting a property management company, your organization must determine what services are included in the contract. More information for hiring a property management company can be found in the City of Hamilton's *Property Management Procurement and Contracts for Housing Providers Policy*.

# Operations

## Procurement

Procurement is a competitive procedure for obtaining or purchasing goods or services needed for business. Examples of things 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.

Housing Providers should work to maintain relationships with vendors/contractors in order to maintain the building stock and operate the business of the corporation. Some general rules regarding the procurement of goods and services apply universally:

1. Request for Proposal (RFP) for contracts over \$15,000;
2. Three bids based on scope of work for contracts/services over \$5,000; Legally able to carry out business in the Province of Ontario; Legislative requirements (Fire Code, TSSA, WSIB, etc.) met;
3. Valid license and insurance for the specific industry;
4. Free from conflict of interest with board and staff;
5. Clear written agreements and a complete file for each vendor.

For procurement of property management please refer to the section above and to the City of Hamilton's *Property Management Procurement and Contracts for Housing Providers Policy*.

## RGI Targets

Your organization's RGI target or “service level standard” refers to the number of RGI units that you are required to provide. It is important to maintain your target number of RGI units to ensure an adequate number of subsidized units in the community and because you are required to by the Housing Services Act. At EOM service level standards remain in place. When a unit becomes vacant, staff should assess whether the organization is meeting its service level standards. If you do not have enough RGI households to meet your target, you must fill the vacancy with an RGI applicant from the City's centralized waitlist.

# Operations

## RGI Files

As you approach EOM, 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 City is responsible for RGI administration and funding; however, existing service agreements assign the completion of RGI decisions to Housing Providers. RGI files must include:

- Leases
- Move-in documentation
- Supporting documentation for RGI eligibility (e.g. proof of income, proof of status in Canada, custody agreements, arrears repayment agreements, etc.)
- Annual RGI calculations
- In-year RGI reviews
- Notices of decision

Policies to help with understanding RGI are posted on the Housing Provider webpage and are updated to reflect current legislative and regulatory requirements as needed.

# Operations

## Internal Transfers

Boards must establish a bylaw or policy to address internal transfers, meaning transfers within a Housing Provider's building/portfolio. To provide predictability and consistency for residents and staff, this policy should outline a procedure for establishing and maintaining a waiting list for internal transfer requests. A waitlist for internal transfer should include everyone that has been approved for a transfer. To meet legislative and local requirements, internal transfer policies must give highest priority to the provider's current residents that have been granted the provider status for victims of domestic abuse and/or human trafficking, then to overhoused households that can be accommodated within the provider's portfolio.

Outside of these two categories, Housing Providers have discretion over their internal transfer process so long as it is clearly defined and followed consistently. You may wish to consider things like:

- The impact of turn-over costs
- The reason for the request within the parameters of the policy
- Whether the residents requesting an internal transfer are in good standing and have lived at the property for more than 12 months

For more information, please refer to the City's *Internal Transfer Policy (Rent-Geared-to Income Units)*.



# Asset Management

As you approach End of Mortgage, it is essential to understand that your biggest asset as an organization is your building(s). By understanding your capital needs, you are able to forecast your capital expenses long-term to ensure that the building(s) remain in a good state of repair. Understanding the condition of your building(s) allows you to make informed decisions about future financing or funding opportunities that may be available.

## Preventative Maintenance

Preventative maintenance refers to property and building maintenance that is proactive and addresses potential repairs before they become a significant concern. This component of asset management is essential to the sustainability of your building(s) and ensures efficiency through a risk management approach. Preventative maintenance actions and code compliance extends the useful life of your building elements. A preventative approach reduces costs by addressing issues before they become serious and more costly to fix. Organizations are encouraged to develop a preventative maintenance plan that schedules key actions in timely intervals to maintain good operating condition and extend useful life. Annual inspections, including unit inspections, provide valuable information that can inform your preventative maintenance planning. Examples of preventative maintenance include establishing an annual calendar to address things like exchanging furnace filters, replacing smoke alarm batteries, and turning off outside hose bibs.

## Building Condition Assessments

Building Condition Assessments (BCAs) are to be completed every 4-5 years at provincially-funded Housing Provider sites in Hamilton. 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.

# Asset Management

## Capital Reserve Fund

Housing Providers are required to make mandatory contributions each year to their Capital Reserve Fund (CRF). The balance of your CRF should be reviewed annually during your organization's budget process for financial planning and to understand your future needs. At EOM it is especially important to understand how the CRF will contribute to the financial viability of your organization and ability to complete scheduled capital work.

## 5-Year Capital Plan

Housing Providers must create a 5-year capital plan each year. This plan is a key element of your End of Mortgage financial plan, as it itemizes and prioritizes the capital work your organization plans to take on. Boards should review and reference this plan regularly to ensure capital work is being planned, completed, and available funding sources optimized (such as applications for capital repair funding programs).



# Finance

## Non-Profit and Tax-Exempt Status

The not-for-profit status of an organization is based on incorporation documents and its mandate. In assessing your not-for-profit status, the Canada Revenue Agency will look at the activities you perform as a Housing Provider.

Your tax-exempt status as an organization is based on your funding and activities. When your funding changes at EOM or as a result of a service or exit agreement, your status may be impacted.

It is important to know your non-profit status and tax-exempt status, and get professional advice about how your organization may be affected when your municipal funding level changes, specifically if reduced. You are strongly encouraged to speak with a tax professional regarding your current designation and your options to maximize your HST rebate.

If you are currently receiving HST rebates, your organization may have one of the statuses listed below:

- Designated Municipality Status
- Registered Charity Status
- Qualified Not-for-Profit Status

The rebate you receive depends on the status of your organization.

# Finance

## Property Tax Exemption

In general, the City of Hamilton will not be providing new municipal property tax exemptions post-EOM. The amount an organization pays towards property tax will be taken into account during negotiations to determine the extent of the subsidy needed.

## Arrears

An arrears policy should detail the procedure when a household is in arrears, including notification of the arrears and information about how to pay. This policy might also include information about payment plan structures, applicable fees or late charges, and timelines for repayment. You are encouraged to consider eviction prevention and make decisions that align with your organization's values when addressing arrears. At regular board meetings, boards should receive information about the current arrears (in dollars and months), payment plans in place, and any other outstanding charges (e.g. maintenance, late fees, etc.)

## Vacancy Loss

Vacancy loss refers to the lost rental revenue resulting from unoccupied units. Staff are encouraged to work with outgoing residents to make unit improvements before their tenancy ends. Once vacant, Housing Providers should aim to complete timely repairs to turn over the unit as quickly as possible to minimize vacancy loss. The offer process should be initiated in IHS promptly once the unit condition and a plan for repair is known. Strong property management practices like annual unit inspections and preventative maintenance contribute to the reduction of vacancy loss.

# Finance

## Accounting Principles

In the absence of mortgage payments, in the first fiscal year the organization should review and amend the structure/approach of its financial statements to reflect traditional accounting principles. The value of the property will be equivalent to fair market value/book value and consider depreciation.

## Financial Viability

Assessing financial viability while planning for EOM involves determining net operating and capital viability, and how each element impacts the overall viability and sustainability of your organization. To understand these impacts, the Financial Viability Rating Grid shown below can indicate the quadrant your organization falls in (currently and over time). This rating system is a standard grid commonly used in the community housing sector in Canada.

Undergoing this type of analysis with your financial service provider and sector support using your current financial and asset condition (BCA) data is strongly encouraged and the rating/measure can be used throughout the preparation process to inform your negotiations.

	Sufficient Capital Reserve Fund (+ CRF)	Insufficient Capital Reserve Fund (- CRF)
Positive Net Operating Income (+ NOI)	<b>GOOD</b> Operating test = pass Capital test = pass	<b>ATTENTION</b> Operating test = pass Capital test = fail
	Viability Defined: + NOI with + CRF	Viability Defined: + NOI with - CRF
	<b>1</b> Project is viable, can maintain current rental mix and has sufficient capital reserves/resources. The project has the capacity to maintain the building in good physical condition	<b>2</b> Project can generate a cash flow surplus, but the asset is underfunded
Negative Net Operating Income (- NOI)	<b>ATTENTION</b> Operating test = fail Capital test = pass	<b>WARNING</b> Operating test = fail Capital test = fail
	Viability Defined: - NOI with + CRF	Viability Defined: - NOI with - CRF
	<b>3</b> Project is not viable and cannot sustain the current rental mix; the asset, however, is adequately funded.	<b>4</b> Project is not viable and is unable to undertake necessary capital replacement. Project is at risk.

Adapted from the Housing Services Corporation's Financial Viability Grid

City of Hamilton  
 EOM Preparation Guide  
 Modified with permission from  
 the Region of Waterloo

# **EOM Preparation Guide**

## **Section 3:**

# **City of Hamilton's End of Mortgage Strategy**

- Part 1: Strategy Overview**
- Part 2: Governing Principles**
- Part 3: Options**
- Part 4: Approach**
- Part 5: The Financial Model**

# Strategy Overview

The End of Mortgage Strategy developed by the City of Hamilton is defined by a key set of principles to guide negotiation of new agreements with housing providers.

The strategy also outlines a process for working with Housing Providers and boards to review the viability of their projects from an operating and capital perspective to determine financial supports that may be required.

## Four Pillar Model

The strategy for new agreements is comprised of four components: a set of principles and guidelines, funding options, a process approach, and a financial model.



# Governing Principles

The City of Hamilton is committed to working with our housing providers and their boards to ensure that social housing units remain within the community housing portfolio. In addition to retaining social housing units by providing incentives for housing providers to renew a new relationship with the City, our strategy aims are to:

- Maximize funding for capital repair needs to address the growing gap between provider capital reserve funds and capital repair work required
- Support Exit and Service agreement negotiations
- Support the co-development of a financial plan that addresses both capital and operating needs of housing providers
- Support a new relationship with housing providers that is equitable and transparent

Our funding principles acknowledge that to address capital needs, multiple funding sources are needed.

City of Hamilton subsidies will be based on demonstrated need and will be granted based on a transparent funding approach. Subsidies will be given with consideration to both operating and capital needs as well as municipal budget constraints.

Guidelines have been created to develop a standardized approach for evaluating rent increases, housing provider capital reserve contributions, management and goals for operating surplus, funding mechanisms to increase housing provider revenue and distribution of City of Hamilton subsidies.

Below are the guidelines that will be applied to provider capital reserve contributions, operating surplus and rent subsidies. A full list of the principles and guidelines can be found in Appendix A to Report HSC23050 End of Mortgage Strategy and Implementation.

# Guidelines for Provider Capital Reserve Contribution

The following guidelines will be used to guide capital reserve contribution:

- The capital reserve contribution determined for each housing project will increase annually based on the Statistics Canada Residential Construction Cost Index to keep up with inflating construction costs.
- Contributions to the capital reserve fund will be incorporated into the financial plan and adjusted every five years (or more often if deemed necessary) based on the Building Condition Assessments (BCAs) and reserve fund analysis.
- Initial anticipated contributions to the reserve fund are based on the current contribution amount plus the building condition assessment/reserve fund analysis.
- The City of Hamilton may provide a subsidy towards capital reserve funds based on the Project's needs and City of Hamilton fiscal constraints.

## Guidelines for Operating Surplus

The following guidelines will be used to guide operating surplus

- The target operating surplus for housing providers is 5% of revenue, calculated without any City of Hamilton subsidies.
- Housing Providers with a cumulative operating surplus of greater than 30% of revenue will be directed to contribute the remaining amount to capital reserves with consideration given to contributing an even larger portion of the surplus where possible
- If capital reserves are sufficiently funded, City of Hamilton subsidies may be recovered or reallocated to new development projects.

# Options

Depending on the housing provider's net operating income and capital reserves, the following bundle of options, further described in the guidelines below, may be explored and/or applied:

- Rent increases
- Rent-Geared-to-Income Subsidy/Rent Supplement
- Obtaining a loan or refinancing
- Other external funding options grants
- City of Hamilton operating subsidy
- City of Hamilton capital subsidy
- City of Hamilton one-time capital injection
- Adjust rent-geared-to-income/market mix

## Rent increases

- Market rent units will be maintained at levels that are affordable to low- and moderate-income households
- Housing Providers will be encouraged to raise rents in housing projects with mixed market and rent-geared-to-income buildings to 80% of Average Market Rent (or higher as deemed necessary for viability and as is advisable based on anticipated tenant impact).

## Market/Rent-Geared-to-Income Mix

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## Subsidies

- The forms of subsidy and funding will be based on your project's viability analysis.
- The type and amount of funding will ultimately depend on the housing project's unique circumstances.
- City of Hamilton subsidies will be used to right-fund a project while being responsive to budgetary constraints.
- This strategy does not reflect a 'one size fits all' approach but rather takes a careful analysis of the individual project up for review.

## Type of Subsidies & Funding

### Rent-Geared-to-Income Subsidy from the City of Hamilton

As a baseline minimum, housing providers who sign new operating agreements with the City of Hamilton will receive City of Hamilton rent-geared-to-income subsidy or rent supplement that covers the difference between what the tenant pays and what the housing provider would otherwise receive for the unit, as per legislative requirements.

### Refinancing/grants/loans

- All housing providers will be encouraged to apply for grants for capital repairs or retrofits and encouraged to maximize multiple funding sources for viability
- Where it is advisable for projects with significant capital needs beyond what is available in the capital reserves, the option of applying for mortgage refinancing will be recommended to housing providers who are eligible

### City of Hamilton Operating Subsidy

- An operating subsidy above the rent-geared-to-income subsidy will be considered if deemed required with the expectation that the Housing provider will have a plan to become financially viable within a determined period of time to qualify.

### City of Hamilton Capital Funding

- The City of Hamilton will provide information to Housing Providers about funding mechanisms and programs that are available to the project.
- An additional one-time capital injection from the City of Hamilton will be considered where needed, based on the project's Proforma

Capital needs far exceed available funding sources for most projects.

Subsidies are intended to help bridge rather than close the gap.

Housing Providers will be encouraged to maximize City of Hamilton administered capital funding by applying for programs that are beneficial to them.

# Approach

This section outlines the approach that will be used with each provider as they reach End of Mortgage. It is anticipated this process will be collaborative and supported by City of Hamilton staff.

## Phase 1: Preparing for End of Mortgage

Preparing for End of Mortgage is detailed in Section 1 under Steps to Prepare for End of Mortgage and includes education, reflection, assessment and positioning, agreement, and sustainability.

Section 2, organizational preparation also details preparation required prior to EOM.



## Phase 2: Negotiation

The following steps will be followed by Housing Services Division staff at End of Mortgage as they undertake the negotiation of new agreements with housing providers.

### **a) Review of portfolio and property financial health**

Prior to conducting a viability analysis, Housing Services staff will review financial statements of the project with the Housing Provider to better understand revenue and expenses. If the provider has external funding agreements for the project in question, the terms and conditions of these agreements will be reviewed and factored into the viability analysis.

### **b) Management of vacancies and rent**

Staff will review chronic vacancies with housing providers and identify needs to ensure that units remain available. Rent-geared-to-income and market rent units will be discussed along with plans for future rent revenue for these units.

### **c) Property development plans**

During the negotiation phase, providers will be encouraged to identify their longer-term goals regarding project and/or portfolio development. Opportunities to address these goals will be discussed.

### **d) Viability analyses**

Viability analyses will be conducted by City of Hamilton staff in conjunction with Housing Providers to determine both operational and capital viability. A more detailed overview of the viability analyses is included below under financial model.

### **e) Five-year financial plan**

Housing Services Staff and the Housing Provider will jointly develop a 5-year financial plan. This plan will address how the housing provider's revenues will meet expenditures for the housing project, including projected capital expenditures. The plan will also address how rent for units will be set and will detail the City of Hamilton's financial obligations towards the project. Housing Providers must also submit a separate five-year capital plan to support the development of the 5-year financial plan.

### **f) Operating Agreement**

A standard Operating Agreement template has been developed by the City of Hamilton's Legal Services. The regulations state that the minimum duration is ten years and that the financial plan must be reviewed at least every five years.

## Phase 3: Monitoring and Review

### **a) Housing Provider Review Process**

In general, projects that have reached End of Mortgage will be reviewed in chronological order. Housing Providers with multiple projects at End of Mortgage will have all projects within that portfolio reviewed at the same time.

Housing Providers with projects reaching End of Mortgage in the upcoming year will be contacted in September of the prior End of Mortgage year (for those mortgages that have yet to expire) reminding them of their End of Mortgage date and ways in which they can prepare. They will be contacted again several months before their EOM date with a template and instructions outlining the process and data submission requirements.

### **b) Individual Project Financial Review**

Housing Providers with multiple projects, i.e., a portfolio, typically pool their operating costs and capital reserves between projects.

The viability analysis process requires a breakdown of finances on a per project basis.

In recognition that our methodology for breaking down pooled costs may be imperfect, finance will review all portfolio projects at End of Mortgage after the first two years.

As there is no perfect methodology to separate costs for projects that are part of a portfolio, reviewing these projects within a two-year time frame will allow for the assumptions underpinning the model to be re-examined and adjusted as needed.

For single project housing providers, the financial plan will be reviewed at the 5- year mark as per regulatory requirements.

New Service Agreements will also contain the flexibility to re-visit the agreement earlier than obligated should the Service Manager feel this is required.

# The Financial Model

The financial model described below will be used to guide the analyses of the housing project's operating and capital viability.

## Determining the Project's Financial State

Four factors will be reviewed to determine the financial state of the project at End of Mortgage:

- Revenue;
- Operating expenses;
- Current capital replacement reserve level; and
- Major costs of renovation/repair during the term of the agreement.

To help review the four factors listed above, the following information will be used:

- Building Condition Assessment;
- Assessment of rent-geared-to-income and market rents compared to average market rent;
- Financial statements for specific housing provider (e.g., Annual Information Returns, Rent rolls etc.); and,
- Debt-equity ratios to determine housing project eligibility and optimal loan amount for refinancing.

Prior to entering a new Service Agreement project data from the last one to three years based on actual rather than benchmark operating and capital amounts will be used to conduct an in-depth analysis of the project's financial viability.

# Analysis

The analysis will reflect three time periods (present, 5-year and 10-year) and spanning three scenarios:

**Scenario 1** - The first scenario will review the project's financial viability with all subsidies from the City of Hamilton removed. While rent-geared-to-income subsidies will be provided for housing providers to retain their housing projects within the community housing portfolio, providers wishing to exit would first be required to demonstrate their viability to operate and provide rent-geared-to-income subsidy to tenants without City of Hamilton assistance.

**Scenario 2** - In the second scenario, a rent subsidy would be applied to all rent-geared-to-income units. A rent-geared-to-income subsidy is the minimum subsidy required under the Housing Services Act. If providers are funded sufficiently for both operating and capital requirements, then no further subsidy will be provided.

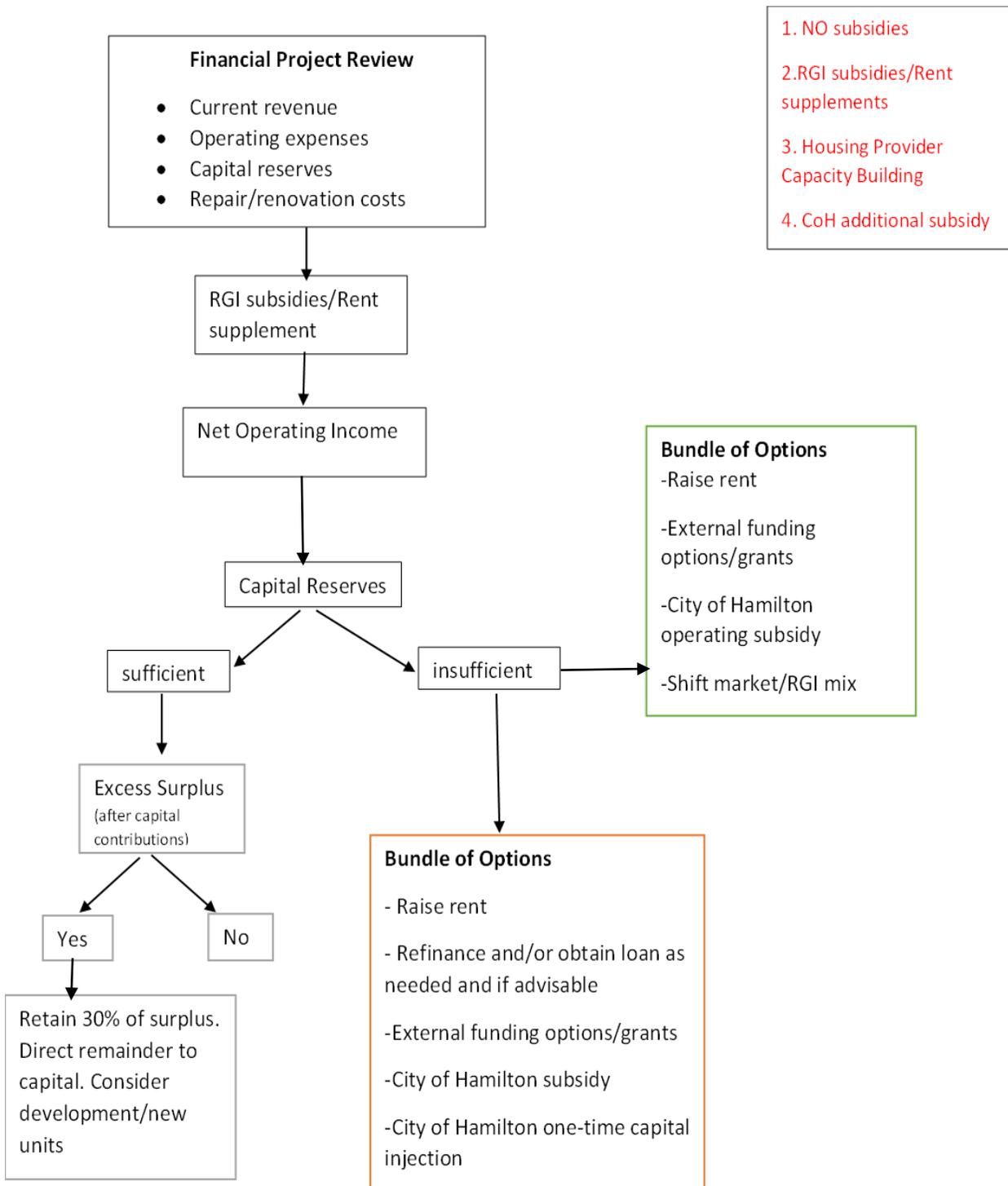
**Scenario 3** - For projects whose operating or capital is not viable even with rent-geared-to-income subsidy, other funding options including City of Hamilton subsidies may be applied. In general, options available to the housing provider to increase revenue will be explored prior to service manager funding options.

**Two types of assessments will be conducted:**

- a) **is the project viable, i.e., does it generate the operating surplus needed to be viable?**
- b) **is the project's capital reserve adequate?**

If either operating or capital needs are not sufficiently viable, a bundle of options to increase revenue (as detailed above) will be reviewed with the Housing Provider.

## Flow Chart- Project review and considerations for operating income or capital reserve insufficiency or sufficiency



# Staff Contacts

If you have any questions about this Guide or wish to discuss EOM further, please contact your organization's Housing Administration Officer:

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For assistance with asset management or capital planning, please contact:

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If you would like more information about the EOM strategy, please contact:

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**EOM Preparation Guide**  
***Appendix A***

**Glossary**

# Appendix A: Glossary

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

**Board of Directors:** A formal body made up of executive members that jointly supervise and authorize the activities of an organization

**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 Reserve Fund (CRF):** An investment established for accumulated funds to cover capital repairs

**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 organization no longer receives mortgage payment subsidy prescribed in the HSA funding formula

# Appendix A: Glossary continued

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

**Golden Horseshoe Co-operative Housing Federation (GHCHF):** A non-profit organization with member-driven mandate that provides education, resources, and training on governance and leadership in community housing in the Hamilton and Niagara Regions.

**Governance:** A mechanism that accounts for how an organization functions and regulates decisions-making

**Housing Administration Officer:** City staff that support Housing Providers in the areas of governance, financial viability, operations, and asset management

**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

**Internal Transfer:** A process that outlines the steps and criteria that households need to follow and meet in order to be transferred to a unit within their current Housing Providers' building(s)

**Letters Patent/Articles of Incorporation:** Documents that legally bind the organization to the Corporations Act of Ontario, and establish a framework within the Province of Ontario. Your organization was likely established with letters patent, but the ONCA replaces this term with "Articles of Incorporation."

**Mandate:** Describes what programs and services your organization is contracted to offer

# Appendix A: Glossary continued

**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 and co-operative 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

**Preventative Maintenance Plan (PMP):** A process for evaluating your organizations building(s) and might include guidelines for routine maintenance that keep the building(s) in a good state of repair

**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

**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

# Appendix A: Glossary continued

**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

**Strengths, Weaknesses, Opportunities, and Challenges (SWOC):** 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

**EOM Preparation Guide**

***Appendix B***

**EOM 101  
Briefing Note**

# Appendix B: EOM 101 Briefing Note

## What is EOM?

When your housing project was constructed, the organization entered into a mortgage and a service agreement to provide rent-geared-to-income units for the duration of the mortgage period. These Service Agreements were initially made between Housing Providers and the Provincial government. In 2001, the Province transferred these agreements to the City of Hamilton. As part of these service agreements, Housing Providers were required to follow the rules laid out in the Housing Services Act. These rules include:

- Selecting RGI households from the City’s centralized waitlist
- Completing RGI calculations and making RGI decisions in accordance with the HSA
- Annual capital reserve contributions
- Reporting certain information to the City

## Funding Formula

The existing funding formula outlined in the HSA is made up of 3 parts: Rent-geared-to-income subsidy, property tax subsidy, and an operating subsidy (which includes mortgage payments). However, with the exception of continuing rent-geared-to-income subsidy for projects with new operating agreements, the HSA did not outline how to manage this funding model once the original mortgage is paid. The term “End of Mortgage” (EOM) is used to describe when your organization’s mortgage is completely paid off and you no longer receive the mortgage payment subsidy portion outlined in the funding formula.

## Who is affected?

End of Mortgage is being experienced by non-profit and co-operative Housing Providers across the Province of Ontario. This is not a situation specific to the City of Hamilton. The Province has indicated that end of mortgage presents an opportunity to modernize the community housing sector.

# Appendix B: EOM 101 Briefing Note

## The Options

When your organization reaches EOM, you have two options:

### Service Agreement

- Your organization and the City work together to establish a new service agreement for a term of at least 10 years
- Service agreement provides funding for existing RGI units, maintains general affordability, and addresses operating and capital needs Must include a
- financial plan that is viable and keeps buildings in a satisfactory state of repair. Financial plans must be reviewed at least every 5 years.

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### Exit Agreement

- Your organization and the City work together to establish an exit agreement
- While your organization exits the HSA, the agreement must include affordability and protection for existing residents and preserve public investment in community housing building. This means that your organization cannot sell or divest without City approval.
- Housing Providers are expected to communicate with RGI tenants that changes will not be made to their rent (i.e., the amount of rent they pay stays the same, continuing to follow allowable provincial rent increases).
- Housing Providers must cover the difference between what the RGI tenant pays and what would otherwise be received for rent.

Until a service or exit agreement is reached, your organization is still required to follow the same rules and reporting requirements and will remain in the HSA. Your organization will receive funding based on the existing funding formula outlined above (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.

# Appendix B: EOM 101 Briefing Note

The City aims to support Housing Providers as they approach EOM and has used input provided by Housing Providers to inform the City's End of Mortgage Strategy.

Through the Strategy, the City will provide support and guidance to Housing Providers with planning to ensure:

- Long-term financial sustainability
- Protection, maintenance, and ideally growth of housing assets
- Building of staff and board member capacity

Protecting and retaining existing community housing is as important as encouraging new development in facilitating a sustainable and responsive community housing system for the future. Through strengthening partnerships with Housing Providers, the Strategy simultaneously focuses on both creating and retaining community housing.

The City 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 engagement process involves participation of Board of Directors and key staff representative(s) both as groups and individually. Through the engagement process, we will use tools and activities to inform and prepare Housing Providers as they approach EOM.

The City of Hamilton housing staff thank you and your organization for participating in this important work.

**EOM Preparation Guide**  
***Appendix C***

**SWOC Analysis  
Tool**

# Appendix C: SWOC Analysis

<p><b>Strengths</b> Organizational advantages</p>	<p><b>Weaknesses</b> Areas for improvement</p>
<p><b>Opportunities</b> Situations to apply your advantages</p>	<p><b>Challenges</b> Areas of risk</p>

**EOM Preparation Guide**

***Appendix D***

**Self-Reflection  
Tools**

## Appendix D: Self-Reflection Tools

# Introduction

### Overview

The aim of End of Mortgage (EOM) readiness is to help prepare your organizations and boards to make well-informed decisions at EOM, to help you meet your goals and vision, and to be sustainable in the long term. The Preparation Guide and its appendices aim to provide information and tools that you need to get ready for EOM.

**Reflection** is an important step in readiness, and this self-reflection tool can be used to determine what you know about your organization and to help identify the gaps and the priorities you want to focus on during your EOM preparation.

This tool includes five key categories and specific indicators for reflection in each. The questions in this tool aim to prompt answers and discussion for boards so that organizations can determine where they should focus their readiness activities based on their vision. **The key categories are:**



**Actions/next steps:** This section summarizes key items from the questions and discussion that you want to highlight and prioritize.

**Top 3:** Here, you can list what stands out as your largest gap or most significant priority. These will be items to carry forward to the next activity in the reflection tool.

**Summary:** In this section you will bring forward the top 3 priorities from each category/indicator to help you to refine your action items.

**Actions:** You will frame out actions you can complete prior to End of Mortgage, actions to "park" or hold for later, and actions you wish to stop doing. You may determine your own milestone timeline to organize your actions depending on your specific needs.

**Vision & Priorities:** You will summarize the organization's vision and main priorities for long-term sustainability and EOM readiness.

# EOM Self-Reflection Tool

## Governance

### Overview

Good governance and strong bylaws provide your board with a necessary decision-making framework. The following self-reflection statements and questions can help you better understand your board's governance and help identify gaps and priorities to better meet the future needs of the organization.

Indicator	Questions
<b>Succession</b>	<p>How does the board plan for and fill vacant board positions?</p> <p>Does the board have a succession plan or active plan for recruitment?</p> <p>A succession plan is required by the Service Manager per Program Administration Standard 3.5. Why else is succession planning useful for our organization?</p> <p>What key skills/experience do our board members need?</p>
<b>Fiduciary/ Risk</b>	<p>What are fiduciary responsibilities?</p> <p>The board is responsible for ensuring appropriate legal, financial, oversight, property, asset and risk management, and insurance. In terms of these responsibilities, what is our greatest challenge?</p> <p>Does the board have the information we need to understand and assess risk?</p>
<b>Strategic</b>	<p>Does the board have a strategic plan? Is it aligned with goals and activities?</p> <p>How often should the strategic plan be reviewed/revised?</p> <p>Is the organization positioned to meet the challenges in the housing sector?</p> <p>Does the board need support to ensure strategic planning and performance?</p>

# EOM Self-Reflection Tool

## Governance

Indicator	Questions
<b>Training</b>	<p>Do we have a board orientation process for new members and who is responsible for training new members?</p> <p>A training plan is required by the Service Manager per Program Administration Standard 3.5. Do we have a training plan?</p> <p>Does the board conduct training annually in line with its training plan?</p> <p>Are there gaps in the training we receive?</p>
<b>Composition</b>	<p>What do our By-laws say about board composition, membership and elections?</p> <p>Do we have a system for nomination, selection, and election of the Board of Directors? Do we hold proper elections and appropriately appoint officers?</p> <p>Is the board considering changes to the board's current composition?</p>
<b>Meetings, Minutes and Records</b>	<p>Is the board meeting a minimum of four times a year?</p> <p>Are meeting minutes properly executed and approved? Do they reflect the decisions made?</p> <p>Is our corporate status filing up-to-date with a list of current board members?</p>
<b>Performance</b>	<p>Does our board sign ethical conduct, confidentiality, and conflict of interest agreements?</p> <p>Has the board recently reviewed staff/property management performance?</p> <p>Do we review our own board performance to ensure we meet our goals and objectives?</p>

# EOM Self-Reflection Tool

## Governance

Indicator	Questions
<b>Obligations</b>	<p>Does the board understand its obligations under the HSA, including new regulations about End of Mortgage (see EOM 101 of the Preparation Guide)?</p> <p>Have policies and bylaws been reviewed to ensure they are current and comply with legislation and changes are filed with the Province of Ontario? Note: The due date for this is October 18, 2024 per the Ontario Not-for-profit Corporations Act (ONCA).</p> <p>Do our Articles of Incorporation (Letters Patent) reflect our organization's purpose, and the new EOM regulations? An update should reflect certain outcomes and ensure:</p> <ul style="list-style-type: none"> <li>• The continued operation of the housing project by the Housing Provider or another Housing Provider.</li> <li>• The redevelopment of the housing project by the Housing Provider or another Housing Provider.</li> <li>• The reinvestment of the proceeds of sale of the housing project into affordable housing.</li> </ul> <p>Have all by-laws been properly approved and executed?</p> <p>Do all board member directors and co-op members have up-to-date copies?</p> <p>Do our policies provide clear expectations of staff and board roles and responsibilities?</p>
<b>Reporting</b>	<p>Does the board receive a written property management report, including financial statements and an actual vs. budget comparison?</p> <p>Are key indicators presented in reports (arrears, vacancy loss, legal)?</p> <p>Are maintenance repair reports and preventative/scheduled activities regularly reported to the board? This includes maintenance requests, damages, pest control &amp; fire safety, insurance claims, and property standards violations.</p> <p>Is the information provided by management understood to enable accurate decision making by the board?</p>

# EOM Self-Reflection Tool

## Governance

Indicator	Questions
<b>Auditor</b>	<p>Does the board receive and review the Auditor's Management letter and takes action, when necessary?</p> <p>Are steps being taken to address the concerns identified?</p> <p>Has the auditor been properly appointed (at the Annual General Meeting)?</p>
<b>Settlement</b>	<p>Does the board review the Annual Information Report (AIR) settlement letter from the Service Manager and do you understand the concerns?</p> <p>Are steps being taken to address the concerns identified?</p> <p>Is the organization ensuring that service level standards (RGI targets) are being met to the best of their ability?</p>
<b>Engagement</b>	<p>Does the board have active engagement with the Service Manager?</p> <p>Does the Housing Programs Advisor support the board and attend meetings when invited?</p> <p>Does the board participate in available training and networking opportunities?</p> <p>Is the board knowledgeable about and engaged with local sector group(s)?</p>

# EOM Self-Reflection Tool

## Governance

### Action Items/Next Steps

Use this space to gather your discussion and answers from the list above concerning Governance. What actions and next steps does the board need to take?

	Succession Plan -
	Fiduciary/Risks -
	Strategic Plan -
	Training Plan -
	Board Composition -
	Meetings, Minutes & Records -
	Board Performance -
	Obligations -
	Reporting -

# EOM Self-Reflection Tool

## Governance

### Action Items/Next Steps (con't)

Use this space continue to gather your discussion and answers from the list above concerning Governance. What actions and next steps does the board need to take?

	Auditor -
	Settlement -
	Engagement -
	Other -
	Other -
	Other -

To summarize the greatest gaps or main priorities please identify the Top 3: Governance items for your organization. You will use this information for the summary activities in the last section of self-reflection tool.

### Governance: Gaps and Priorities

1.	2.	3.
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# EOM Self-Reflection Tool

## Asset Management

### Overview

As you approach End of Mortgage, it is essential to understand that your biggest asset as an organization is your building(s). By understanding your capital needs, you are able to forecast your capital expenses long-term to ensure that the building(s) remain in a good state of repair.

Understanding the state of your building(s) allows you to make informed decisions about future financing or funding opportunities that may be available. A robust preventative maintenance plan will help extend the lifespan of assets and avoid costly unplanned repairs.

Indicator	Questions
<b>Capital Planning and Policy</b>	<p>Is there an approach to capital planning/asset management for the organization and how is it reviewed or evaluated?</p> <p>Does the board receive updates about capital spending and approves the capital budget?</p> <p>Does the capital budget process incorporate the Building Condition Assessment (BCA) recommendations?</p> <p>Does our policy include a requirement to apply for capital and repair funding as available through the service manager and other applicable funding programs?</p>
<b>Annual 5-year Capital Plan Update</b>	<p>Is the 5-year capital plan updated annually and show work planned over the current five year-period? Does the board review the plan to ensure planned work was completed?</p> <p>Did the board approve the the current capital plan?</p> <p>How do we ensure our capital plan is being followed and appropriate changes are made as new information or data is available?</p> <p>Is the capital plan updated yearly with the annual budget estimate?</p>

# EOM Self-Reflection Tool

## Asset Management

Indicator	Questions
<p style="text-align: center;"><b>Building Condition Assessment (BCA)</b></p>	<p>Do we have a BCA that is current, within the last 5 years?</p> <p>Has the BCA been considered as part of the annual budget process?</p> <p>Did the BCA identify short term and long term projects with current costs?</p> <p>Does our actual capital work link between the BCA and the 5-year capital plan?</p>
<p style="text-align: center;"><b>Reserves</b></p>	<p>Has the organization allocated the annual reserve contribution to Encasa/World Source (as per HSA requirements)?</p> <p>Will our capital reserve funds be adequate to complete planned capital work, according to the capital plan?</p> <p>Does the organization have concerns that cash flow will not allow us to fund our reserves to our required amount?</p> <p>Did we request funding, due to underfunded reserves, in order to carry out necessary work?</p>
<p style="text-align: center;"><b>Inspections</b></p>	<p>Are unit inspections conducted yearly by qualified person(s) and actioned appropriately?</p> <p>Are Fire Plan and emergency procedures updated and readily on hand/posted in accordance with the Fire Code?</p> <p>Does the board receive unit inspection report summaries and ensure the process is well-documented with appropriate actions initiated?</p> <p>Are proper notifications of entry and follow-up communication for areas of concern provided to residents?</p> <p>What actions/procedures for pest control are currently in practice?</p>

# EOM Self-Reflection Tool

## Asset Management

Indicator	Questions
<b>Preventative Maintenance (PM)</b>	<p>A preventative maintenance plan covers all building and exterior components and helps to extend the useful life of assets and avoid costly unplanned repairs. Does the organization have an active preventative maintenance plan that is appropriately actioned?</p> <p>Does the organization document preventative maintenance activities in property management reports and operating budgets and expenses?</p> <p>Has the organization identified concerns or received health and safety complaints or other serious occurrences (i.e. property standards order, fire code report/fines, elevator breakdowns, etc.)?</p>
<b>Legal</b>	<p>Does the board review risk management and legislative requirements to ensure the organization is meeting its obligations? (e.g. Fire code, elevator, accessibility for persons with disabilities (AODA), insurance, roof anchors, building code, city by-laws, electrical safety authority)?</p> <p>Does the board receive serious incident reporting (i.e. slip and falls, accident, police/fire) and track outcomes or actions taken?</p> <p>What policies do we have or would like to have to ensure we are mitigating risk and ensuring actions/outcomes are appropriate and accounted for?</p>
<b>Procurement</b>	<p>Do we have a procurement and spending policy and has it been reviewed to meet the Service Manager's local standards/rules and board expectations?</p> <p>Does the organization engage in competitive bid and tendering practices and review service contracts annually to ensure best value for money?</p> <p>Is there bulk pricing that the organization benefits from or is there opportunity to seek these through local advocacy or sector organizations?</p>

# EOM Self-Reflection Tool

## Asset Management

Indicator	Questions
<b>Work Orders</b>	<p>Do we have a work order system that can track and provide reports of all unit repairs, incidents, and inspections?</p> <p>Are invoicing and chargebacks effectively managed in our work order system?</p> <p>What is the cost/benefit of upgrading our system?</p> <p>Do we have a standard expectation of invoicing prior to payment and containing essential elements? (e.g. contains the word invoice, sellers name and address, business registration number, buyers name and address; delivery/service date, due date, unique invoice number, description of service/product, quantity, item and total costs, tax, payment methods).</p>
<b>Damage</b>	<p>Do we have a documented system to track and charge back residents for repair and replacement of damage and neglect of property and unit components?</p> <p>Is the policy for damage and neglect updated and communicated to residents?</p> <p>What steps can reduce costs or limit damage occurrences?</p> <p>Are unpaid damages reported as arrears to the Service Manager promptly upon move out?</p>
<b>Curb Appeal</b>	<p>Are property and health and safety standards being met?</p> <p>Are livability and turnover standards maintained in a consistent and cost effective manner?</p> <p>Has the organization received any recent or severe by-law infraction orders or frequent complaints?</p> <p>Does the organization have a strategy to ensure there are marketability standards, which are adequate and consistent as it relates to affordable market rent levels and property/units standards?</p>

# EOM Self-Reflection Tool

## Asset Management

### Action Items/Next Steps

Use this space to gather your discussion and answers from the list above concerning Asset Management. What actions and next steps does the board need to take?

	Capital Plan & Policy -
	Annual 5-yr Capital Plan Update -
	BCA- Operations and Maintenance -
	BCA - Life Cycle Replacement -
	Capital Reserves -
	Annual Inspections -
	Preventative Maintenance Plan -
	Legal -
	Procurement -

# EOM Self-Reflection Tool

## Asset Management

### Action Items/Next Steps (con't)

Use this space to gather your discussion and answers from the list above concerning Asset Management. What actions and next steps does the board need to take?

	Work Orders -
	Damage -
	Curb Appeal -
	Other -
	Other -
	Other -

To summarize the greatest gaps or main priorities please identify the Top 3: Asset Management items from your organization. You will use this information for the summary activities in the last section of self-reflection tool.

### Asset Management: Gaps and Priorities

1.	2.	3.
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# EOM Self-Reflection Tool

## Asset Management

### Action Items/Next Steps (con't)

Use this space to gather your discussion and answers from the list above concerning Asset Management. What actions and next steps does the board need to take?

	Work Orders -
	Damage -
	Curb Appeal -
	Other -
	Other -
	Other -

To summarize the greatest gaps or main priorities please identify the Top 3: Asset Management items from your organization. You will use this information for the summary activities in the last section of self-reflection tool.

### Asset Management: Gaps and Priorities

1.	2.	3.
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# EOM Self-Reflection Tool

## Financial Management

### Overview

As you think about EOM readiness, Housing Providers must understand their current financial situation and processes, and how changes to funding may affect them financially. Boards can better understand their gaps and priorities to be addressed at EOM by looking at some key indicators of financial management to achieve financial stability and long-term sustainability goals.

Indicator	Questions
<b>Financial Viability</b>	<p>In terms of revenue and expenses, what do you think the organizations' viability looks like over the next 20 years and will there be operating challenges expected?</p> <p>Is the financial situation aligned with the goals, objectives, and strategic impact that the organization wants to achieve?</p>
<b>Capital Reserves</b>	<p>Do we have enough current and expected capital reserves to pay for the capital repairs over the next 5 years, as outlined in the Building Condition Assessment (BCA) and capital plan?</p> <p>How will a change in operating subsidy (post-EOM) affect net income and providing for necessary capital repairs?</p>
<b>Funding Model</b>	<p>Do we have an understanding of how the organization is currently funded in the existing funding model?</p> <p>What financial modelling has the organization reviewed to understand the impact of changes to funding once the mortgage is fully paid?</p> <p>The current funding model impacts certain use of accounting principals for value of property and depreciation. Have these impacts been discussed with your auditor to determine if they need to change after the mortgage is paid?</p>

## EOM Self-Reflection Tool

# Financial Management

Indicator	Questions
<b>Non-Profit Status</b>	<p>When the mortgage is paid, will our Non-Profit status be affected? Will EOM affect the taxes we pay or rebates we receive? Is charitable status an option we should explore?</p> <p>Should we pursue a property tax exemption reassessment from MPAC?</p> <p>Have we reached out to our tax professional to provide information and advice?</p>
<b>Surplus/ Deficit</b>	<p>Is the organization currently operating in a surplus or deficit?</p> <p>Has the current situation been consecutive for two or more years?</p> <p>If a deficit, is there a deficit reduction plan and is it being followed? Does it make sense? Is there a clear understanding of the reasons for the surplus/deficit?</p>
<b>Refinancing and Loans</b>	<p>Do we have loans outstanding (other than the mortgage)?</p> <p>How will repayment of loans be managed once the mortgage is fully paid?</p> <p>If applicable: We have received capital funding through various programs and the agreements may contain certain obligations for providing rent assistance, affordable market rents and repayment terms (eg. SHRRP, SHEEP, SHIP, CHIF, COCHI, OPHI). Have we reviewed, understood, and prepared to meet the obligations?</p>
<b>Revenues</b>	<p>Are the current level and sources of revenue sustainable? Do they ensure viability?</p> <p>Are market rent/housing charges at or below the CMHC Average Market Rent (AMR) level for the local area?</p> <p>Have rental increases been issued in the appropriate timeline using the proper form?</p>

## EOM Self-Reflection Tool

# Financial Management

Indicator	Questions
<b>Monthly Reports</b>	<p>Does the board receive a written property management report, including monthly financial statements and budget variances?</p> <p>Are key indicators presented (arrearages, vacancy loss, legal/fees)?</p>
<b>Investment</b>	<p>Are Capital Reserve funds invested in the appropriate program/investment vehicle with consideration given to accessibility of funds contingent upon capital work to be conducted?</p>
<b>AIR/ASE</b>	<p>Are the Annual Information Return (AIR) and Annual Subsidy Estimate (ASE) reporting documents provided to the Service Manager complete and on time?</p>
<b>Vacancy Loss and Turnover Costs</b>	<p>Is vacancy loss actively managed? Are units offered in accordance with service level standards requirements, all provincial regulations, and local policies?</p> <p>Is there tracking of unit activity (move outs, move in and vacancy) and the activity is reported to ensure losses are being addressed and minimized?</p> <p>What is the average cost we incur to turn over a unit? (vacancy loss, repairs, etc.)</p> <p>What has been our trend with vacancy and unit turnover (increasing, decreasing) and what process would address this to ensure costs are kept low?</p>
<b>Obligations</b>	<p>Is the board providing oversight to ensure that management and payment of all financial obligations is current and accurate (accounts payable, processed timely, fines and fees are minimized or avoided)?</p> <p>Are cash flows being monitored and managed to ensure obligations are able to be met, such as regular cash flow forecasting?</p>

## EOM Self-Reflection Tool

# Financial Management

Indicator	Questions
<b>Arrears</b>	<p>Are arrears increasing, decreasing, or neutral? Tip! Look at tenant receivables in your financial statements.</p> <p>Are arrears being reported and actioned in accordance with internal arrears policy?</p> <p>Does the organization report arrears at move out, in accordance with Housing Services Act and local program administration guidelines?</p>
<b>Policies/ Budget</b>	<p>Does the board ensure financial policies and financial controls are in place, monitored and has adequate oversight?</p> <p>Are financial controls such as separation of duties, signing authorities, and budget process being followed?</p> <p>Does the budget preparation process start well in advance to ensure timely reviews, approvals (board and membership) and submission?</p> <p>Is the budget monitored and does it indicate a surplus or a deficit?</p> <p>What actions must the board take to meet its budgeting plan?</p>
<b>Agreements</b>	<p>Is the organization adhering to all Service and Funding Agreement reporting, and operating requirements?</p> <p>Does the board understand reporting and performance expectations/requirements, and potential remedies/consequences of funding for non-compliance situations and events?</p>
<b>Residential Tenancies Act Exemptions</b>	<p>Currently Housing Providers listed in the Housing Services Act are exempt from the rent increase limits as governed by the Residential Tenancies Act (RTA). Has the organization planned for the loss of certain RTA exemptions and the impacts of this on future revenues?</p> <p>Note: The loss of RTA exemptions only applies to organizations that are choosing an Exit Agreement.</p>

# EOM Self-Reflection Tool

## Financial Management

### Action Items/Next Steps

Use this space to gather your discussion and answers from the list above concerning Financial Management. What actions and next steps does the board need to take?

	Financial Viability -
	Capital Reserves -
	Funding Model -
	Non-Profit Status/HST matters/Property Tax -
	Surplus/Deficit -
	Refinancing/Loans -
	Monthly Reporting -
	Investment -
	Annual Information Return (AIR) & Annual Subsidy Estimate (ASE) -

# EOM Self-Reflection Tool

## Financial Management

### Action Items/Next Steps (con't)

Use this space to gather your discussion and answers from the list above concerning Financial Management. What actions and next steps does the board need to take?

	Vacancy Loss/Turnover Costs -
	Financial Obligations -
	Arrears -
	Policy/Budget -
	Funding Agreements -
	Loss of RTA Exemptions (Exit only) -

To summarize the greatest gaps or main priorities please identify the Top 3: Financial Management items for your organization. You will use this information for the summary activities in the last section of self-reflection tool.

### Financial Management: Gaps and Priorities

1.	2.	3.
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# EOM Self-Reflection Tool

## Operations

### Overview

As Service Manager, the City is responsible for RGI administration and funding; however, existing service agreements assign the administration of RGI to Housing Providers. Providers' administration and operations processes must ensure adequate oversight for the well-being of the residents and safeguarding of property and assets. End of Mortgage preparation provides an opportunity to reflect on how property management activities and resident management services will meet needs, now and in the future.

Indicator	Questions
<b>Rent Geared to Income (RGI)</b>	<p>Have annual RGI reviews been conducted and are complete/current?</p> <p>Have Notices of Decision been provided to households in accordance with the Housing Services Act, providing details for requesting a Review of Housing Provider decision?</p> <p>Does the board understand there are certain situations that may change eligibility for RGI? Examples include: Market rent for 24 months, overhoused and refusal of offer, unauthorized occupants, etc.</p>
<b>Privacy</b>	<p>Is the collection, use, and sharing of personal information laid out in the organization's policies, processes, and record keeping in accordance with privacy legislation?</p> <p>Does the board and staff understand what personal information is as it relates to privacy? Personal information includes a household's resident or RGI file, communication, unit inspection photos, surveillance videos, audio, and scanned/electronic files.</p> <p>Are staff and board provided privacy training?</p> <p>What steps should we take to ensure the organization uses and stores personal information correctly?</p>

# EOM Self-Reflection Tool

## Operations

Indicator	Questions
<b>Service Levels Standards</b>	<p>Our organization’s “service level standard” refers to the number of RGI units that we are required to provide by the Housing Services Act. When a unit becomes vacant, staff assesses whether our organization is meeting its service level standards. Are we at or below our target?</p> <p>When we do not have enough RGI households to meet our service level standard/RGI target, do we fill the vacancy with an RGI applicant from the Region’s centralized waitlist?</p>
<b>Cyber Security</b>	<p>How are network, databases and meetings managed and conducted with cyber security in mind?</p> <p>Do we have risk management policies and processes that include cyber security?</p>
<b>Insurance</b>	<p>Do we have applicable and appropriate levels of insurance in place?</p> <ul style="list-style-type: none"> <li>• Board insurance; officers and directors liability</li> <li>• property and contents</li> <li>• liability, accident and dismemberment and death</li> <li>• cyber security insurance</li> </ul>
<b>Overhoused</b>	<p>Overhoused files are to be reviewed and verified annually. Are Overhoused households moving to appropriate sized units and is there a process to ensure households apply to the centralized waiting list?</p> <p>Are follow-up decisions for non-compliance with the Overhoused policy being performed?</p>
<b>Selection/ Offers</b>	<p>Are vacancies and selection process for RGI placement of eligible households consistent with legislation and local rules?</p> <p>Do we have processes that ensure vacancy loss and turnover costs are minimized?</p>

# EOM Self-Reflection Tool

## Operations

Indicator	Questions
<b>Keys and Unit Access</b>	<p>Are unit, building, office, and master keys kept in a secure place and only accessed by appropriate staff?</p> <p>Do we use key access logs to track all keys to ensure security of building, office, and units?</p> <p>What is the process for lost keys, lock outs, and changes at unit turnover?</p>
<b>Emergency Plans</b>	<p>Does the organization have emergency planning such as business continuity or pandemic plans?</p> <p>What information and processes do you need to ensure is being addressed in the plan(s)?</p>
<b>Eviction</b>	<p>Does the board use an eviction process that is efficient, consistent, and in accordance with an eviction prevention policy?</p> <p>Do we review our eviction prevention policy in order to meet best practice and ensure human rights of residents? Do we consider extenuating circumstances and aim to minimize hardship and re-occurrence?</p> <p>How do we ensure timely action for illegal acts occurring at the property and respond to resident/guests actions that affect the safety of others or damages the unit/property?</p>
<b>Filing</b>	<p>Does the organization has an efficient system for filing, retaining and securing relevant documents?</p>
<b>Resident Files</b>	<p>Are resident files well organized and contain appropriate and adequate information?</p> <p>How does the organization ensure files are kept in a secure manner and only accessed by necessary staff?</p>

# EOM Self-Reflection Tool

## Operations

Indicator	Questions
<b>Internal Transfers</b>	<p>Does the organization have policy of internal transfers and a transfer list that meets the requirements of the HSA and local policy?</p> <ul style="list-style-type: none"> <li>• transfer requests submitted in writing</li> <li>• order of priority - Domestic Violence, Overhoused, Internal</li> <li>• maintains a chronological list for internal transfers</li> <li>• other considerations such as health and safety and</li> <li>• accessibility other program requirements or policies (i.e. mandate, supportive housing, Below Average Market Rent (BAMR), rent supplement)</li> </ul> <p>Does our internal transfer process ensure vacancy loss and turnover costs are minimized?</p> <p>Are internal transfer policy outcomes reviewed by the board and moratoriums implemented in certain circumstances i.e. deficit?</p>
<b>Resident Support and Engagement</b>	<p>How is the organization incorporating residents' housing stability into operational planning and policies? (e.g. eviction prevention, tenancy support, education, mediation).</p> <p>Does the organization have dedicated staff roles for resident support?</p> <p>Are there support services or partnership opportunities being sought with groups that provide tenancy or independent living support?</p> <p>What resources are used/needed for supporting tenancies?</p> <p>What resident engagement practices are in place or envisioned?</p>

# EOM Self-Reflection Tool

## Operations

### Action Items/Next Steps

Use this space to gather your discussion and answers from the list above concerning Operations. What actions and next steps does the board need to take?

	RGI Review -
	Privacy -
	Service Level Standards -
	Cyber Security -
	Insurance -
	Overhoused -
	Selection/Offer -
	Keys/Unit access -
	Emergency Planning -

# EOM Self-Reflection Tool

## Operations

### Action Items/Next Steps (con't)

Use this space to gather your discussion and answers from the list above concerning Operations. What actions and next steps does the board need to take?

	Eviction -
	Filing -
	Resident Files -
	Internal Transfers -
	Resident Support and Engagement -
	Other -

To summarize the greatest gaps or main priorities please identify the Top 3: Operations items for your organization. You will use this information for the summary activities in the last section of self-reflection tool.

### Operations: Gaps and Priorities

1.	2.	3.
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# EOM Self-Reflection Tool

## Strategic Direction

### Overview

End of Mortgage is an opportunity to think strategically about how your organization can best realize the long-term vision and goals of the organization, while ensuring stakeholders needs are met or improved.

Indicator	Questions
<b>Vision, Mission and Goals</b>	<p>Does the board develop and undergo a review of the vision, mission, and values/goals of the organization?</p> <p>Are the goals, strategy and operational decisions aligned with the vision?</p>
<b>Quality of Life</b>	<p>How is the organization incorporating Quality of Life indicators in strategic and operational planning? (eg. health and wellbeing, community/social events, employment and education support, cultural acknowledgement or celebrations; diversity and anti-racism programs, social inclusion, affordable housing)</p> <p>What initiatives do you think will benefit the quality of life and resident experience for tenants/members?</p>
<b>Community Safety and Engagement</b>	<p>Is there a zero tolerance/serious occurrence policy?</p> <p>Are there ongoing/serious community safety concerns that current policies do not address?</p> <p>What community initiatives/partnerships can be explored to align with current needs and goals?</p> <p>What resources are used/needed for community engagement activities?</p>

# EOM Self-Reflection Tool

## Strategic Direction

Indicator	Questions
<b>Environmental Sustainability</b>	<p>Are there any resident-led energy efficiency and conservation initiatives?</p> <p>Are energy consumption/conservation goals and outcomes being tracked?</p> <p>When was the last energy audit done and what are the recommendations?</p> <p>Will the board include any energy audit actions in the capital plan?</p> <p>Is the organization investing in renewable energy such as solar energy?</p> <p>What programs and funding can we access with an energy audit?</p>
<b>Growth and Renewal</b>	<p>Is growth and development part of the organization's long term/strategic goal?</p> <p>Does the organization have the financial viability and internal resources to a support growth or intensification strategy?</p> <p>Is the board interested in exploring development opportunities?</p>
<b>Amalgamation and Mergers</b>	<p>Does the organization want to meet a growth goal through an amalgamation or merger?</p> <p>What priorities and alignments are most important to us when looking at potential groups/assets to consider?</p> <p>What resources will be affected/needed most?</p> <p>What strategy or expertise is needed to begin planning?</p>

# EOM Self-Reflection Tool

## Strategic Direction

### Action Items/Next Steps

Use this space to gather your discussion and answers from the list above concerning Strategic Direction. What actions and next steps does the board need to take?

	Vision, Mission and Goals -
	Quality of Life -
	Community Safety and Engagement -
	Environmental Sustainability -
	Growth & Renewal -
	Amalgamation/Merger -

To summarize the greatest gaps or main priorities please identify the Top 3: Strategic Direction items for your organization. You will use this information for the summary activities in the last section of self-reflection tool.

### Strategic Direction: Gaps and Priorities

1.	2.	3.
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# EOM Self-Reflection Tool

## Self-Reflections Summary

### Overview

This final section aims to help gather the top concerns and priorities for the organization to address. Referring back to this summary can be a valuable source of information to help ensure that the agreement you choose at End of Mortgage will satisfy the specific and most pressing concerns for the organization.

### Summary: Priorities and Gaps

Bring forward the Top 3 from each of the categories into the summary below. What of these really struck you or do you think are of immediate or absolute priority?

	1	2	3
<b>Governance</b>			
<b>Asset Management</b>			
<b>Financial Management</b>			
<b>Operations</b>			
<b>Strategic</b>			

Use this summary to help you complete the **Actions** and **Vision/Priorities** section below.





**EOM Preparation Guide**

***Appendix E***

**Work Plan  
Template**

# Appendix E: Work Plan Template



<b>Discussion + Decisions</b>	<b>Next Steps</b>

# **EOM Preparation Guide**

## ***Appendix F***

# **Succession Planning Tool**

## Appendix F: Succession Planning Tool

# Introduction

### Overview

As a best practice, boards have a duty to regularly review policy and bylaws to provide a decision-making framework and guidance. This process includes ensuring there is a documented process for board succession and training needs for existing and incoming directors, aimed at ensuring they have the desired skills, knowledge, and competencies to meet their responsibilities.

It is important to establish an intentional recruitment process that attracts directors who believe in the strategic plan and vision, and who reflect the diversity of the population served. **In the context of End of Mortgage, board skills, commitment, and decision-making are key to successful outcomes and realizing the organization's vision.** Sector groups can provide support with succession planning and are a best resource for Housing Providers. Some key elements of succession planning are policy and recruitment, interviews and selection, elections, orientation, and development.

### Housing Services Act (HSA)

The Housing Services Act, 2011 (HSA) requires Housing Providers to develop the following plans:

1. A plan for training the staff and volunteers involved in the operation of the housing project;
2. A **succession plan** for the Board of Directors; and
3. For housing co-operatives, a plan for educating members about the governance of the cooperative.

Housing Providers are expected to review and update their plans as required to keep the plans current and relevant. Any costs associated with board and staff training should be included in the annual budget.

Resources for the development of succession and training plans are available through the Co-operative Housing Federation (CHF), the Central Ontario Co-op Housing Federation (COCHF) and the Ontario Non-Profit Housing Association (ONPHA).

# Succession Planning Tool

## Succession Planning

### Overview

A recruitment process should be established that attracts directors with the interest, skills and experience that the board needs. Succession planning that is intentional and well thought-out can ensure your board's decision-makers are successful in realizing the organization's vision. Sector groups can provide comprehensive support with succession planning. We are highlighting some key elements that organizations should aim to address:

Process	Suggested Action
<b>Draft/ Review Policy</b>	<p>Review your current recruitment policy and see that it meets current and future needs.</p> <p>Consider making a policy if you do not have one already.</p> <p>Define what skills and competencies you need for board members.</p> <p>Consider creating a designated committee for succession planning to ensure recruitment and other activities stay on track.</p>
<b>Looking at Prospects</b>	<p>Identify the gaps (needs) for upcoming/future board position vacancies.</p> <p>Identify possible candidates from the public (non-profit Housing Providers) or the membership (co-op Housing Providers).</p> <p>Begin recruitment with candidates.</p>
<b>Interview and Selection</b>	<p>Set the selection process priorities. Review applications.</p> <p>Interview candidates (if applicable).</p>

## Succession Planning Tool

# Succession Planning

Process	Suggested Action
<b>Decisions/ Elections</b>	<p>Make recommendations (via recruitment committee or lead).</p> <p>Decide on final selection(s) or conduct elections.</p> <p>Formalize and document the decision (per Annual General Meeting (AGM) process) if applicable.</p>
<b>Orientation</b>	<p>Following the AGM, provide orientation to new board members.</p> <p>Elect officers and Chair.</p> <p>Provide new members with a meeting schedule and resources i.e. bylaw binder/orientation package.</p>
<b>Development</b>	<p>Plan for training/education and mentoring (for all board members). Undertake regular board evaluations.</p> <p>Schedule training/development activities throughout the year (ongoing).</p>

# Succession Planning Tool

## Recruitment

### Overview

If you are engaging in a board recruitment process, you may decide to use a board recruitment tool to help you identify the skills, knowledge, and experience that would most benefit the board, taking into account the board’s current complement and future needs. This sample summary helps you pinpoint the groups and candidates you might approach to join the board.

Preferred Skills, Knowledge and Experience	Candidates/Groups					
	Partners (ie education, support agencies)	Volunteers	Community/ Sector Leaders	Members/ Tenants	Business/ Professional Leaders	Housing Providers
Commitment to mission, vision, values						
Knowledge of housing development, mergers, amalgamations						
Previous Board experience						
Fundraising experience						
Knowledge of non-profit or co-op housing and/or homelessness						
Relationships with government						

# Succession Planning Tool

## Recruitment

Preferred Skills, Knowledge and Experience	Candidates/Groups					
	Partners (ie education, support agencies)	Volunteers	Community/ Sector Leaders	Members/ Tenants	Business/ Professional Leaders	Housing Providers
Advocacy or social policy experience						
Knowledge of housing/ property management						
Knowledge of community based programs						
Human resources						
Legal expertise						
Evaluation experience						
Marketing or communications experience						
Finance experience						

# Succession Planning Tool

## Skills and Knowledge

### Individual Recruitment

Once you have determined the main leadership needs or professional groups or other objectives, you will need to target the recruitment toward engagement with these individuals or groups and maintain a list of prospects to use for current and future board vacancies.

#### Individual Recruitment (Sample)

**Prospect Name:**

**Phone/Email:**

**Skills, Knowledge and Experience:** list the prospect's work experience, board experience, personal experience, skills, previous experience with board(s) and/or housing.

Preferred Skills, Knowledge and Experience	Area of Expertise			
	Finance	Governance	Development	Leadership
Property Management				
Legal/Risk Management				
Fundraising				
Human Resources				
Governance				
Accounting				
Project Management				
Strategic Planning				

# Succession Planning Tool

## Prospects

### Next Steps



Reach out to prospect(s) about upcoming board openings.



Invite prospect(s) to the next board meeting and give them an informational board recruitment package (e.g. detail of board role, time commitment, and description of organization)



Send board meeting package to prospect(s) one week before the meeting



Chair introduces and welcomes prospect(s) as an agenda item, including references to their volunteer activities, board experience, housing knowledge, etc.

**Keep the work going...What next steps do you want to take?**

#### **Other ideas for recruitment:**

- Friends
- Work colleagues
- Re-engage former board members/volunteers
- Staff from other Housing Provider organizations or sector
- Former consultants
- Local/community businesses
- Local cultural or faith-based community groups
- Professional organizations (e.g. access their job boards to advertise board opportunities)
- Education or volunteer engagement/matching/networking groups
- Website, social media, annual reports, event promotions

# Succession Planning Tool

## Prospects

### Application

Having a board member application template on hand can also assist with recruitment efforts. You may want to make a digital or electronic version to make the application easier and accessible. Here is an outline of what you may want to include in your application form.

#### BOARD MEMBER APPLICATION:

Date:

Name:

Last Legal First (Common) Initial

Email Address:

Home Address:

Telephone:

#### **Are you at arm's length with other directors, the Executive Director, and Management Staff?**

At arm's length is defined as a relationship in which two persons act independently of each other and are not related. Related persons are individuals who are related to each other by blood, marriage or common-law partnership, or adoption.

Yes No

#### **Interest:**

Why do you want to volunteer on the board?

#### **Work History:**

Please list your previous work history or attach your resume. Please include the company name, position held, and years worked.

#### **Volunteer Experience:**

Please include the name of the Organization, Company, etc., your position title/duties and number of years volunteered. Please highlight any previous board experience.

Please include your experience with non-profit organizations if not addressed above.

#### **Community Involvement/Connections:**

It may be important to have board directors who have contacts and connections with various groups throughout Hamilton or the housing sector.

Please list your community Involvement, contacts, and connections. Please highlight any community businesses, housing or community organizations, contacts, and connections that you have.

# Succession Planning Tool

## Prospects

### Application (con't)

#### BOARD MEMBER APPLICATION (con't):

##### **Lived Housing Experience:**

Have you or a family member ever received housing assistance?

Yes No

If yes, please describe that experience and how you feel that will enhance your ability to contribute to the Organization.

**Qualities/Skills: Using the following rating scale, 0 = Don't Know; 1 = Poor; 2 = Inadequate; 3 = Satisfactory; 4 = Good; 5 = Outstanding; please rate yourself on the following qualities and skills:**  
**Knowledge of the Community** – Do you have an understanding of the City of Hamilton and the surrounding area?

**Commitment and Dependability** – Are you willing to invest time and resources to the Organization; be prepared for, attend, and regularly and actively participate in meetings?

**Objectivity & Open Mindedness** – Do you have conceptual thinking and problem-solving skills? Do you form your own judgments and opinions?

**Integrity** – Do you possess personal integrity? Will you insist that the Organization behaves ethically?

**Informed Judgment** – Can you focus on important issues and base decisions and actions on sound principles and common sense?

**Perspective** – Do you have broad knowledge/experience that can be applied to discussions and decisions?

**Ability to present opinions** – Do you have the ability to present views clearly, frankly, constructively, and persuasively?

**Computer Skills and Access to a Computer** – Are you familiar with Microsoft Word, able to open and print e-mail attachments and compose an e-mail, and comfortable navigating websites?

**Communication Skills** – Rate your verbal and written communication skills.

**Understanding of Policy Governance** – Rate your understanding of policy governance

**Understanding of Housing** - Rate your knowledge of housing/lived experience in housing

# Succession Planning Tool

## Recruitment Planning

### Overview

Stay on track! Board members are volunteers and their time is valuable - they want to know their time and energy is meeting the needs of the organization and moving it towards its goals. A Recruitment/board calendar can help ensure the work of recruitment is prioritized and strategic.

### Recruitment Calendar (sample)

January	February	March
<p><b>WORK PLAN</b></p> <ul style="list-style-type: none"> <li>Finalize the succession/recruitment work plan</li> </ul>	<p><b>PROMOTE</b></p> <ul style="list-style-type: none"> <li>Design and submit recruitment ad, website, newsletter, Annual Report, sector and volunteer sites</li> </ul>	<p><b>PROMOTE (con't)</b></p> <ul style="list-style-type: none"> <li>Design and submit recruitment ad, website, newsletter, Annual Report, sector and volunteer sites</li> </ul>
April	May	June
<p><b>RECRUITMENT EVENT</b></p> <ul style="list-style-type: none"> <li>Plan recruitment activity for community event</li> </ul>	<p><b>APPLICATION DEADLINE</b></p> <ul style="list-style-type: none"> <li>Deadline for board applications (include date)</li> </ul>	<p><b>INTERVIEWS</b></p> <ul style="list-style-type: none"> <li>Applicant interviews are scheduled and conducted</li> </ul>
July	August	September
<p><b>ANNUAL GENERAL MEETING</b></p> <ul style="list-style-type: none"> <li>Recommendation of slate to board</li> <li>Prepare AGM materials</li> <li>Update/include updated recruitment plan/process for board members to review</li> </ul>	<p><b>ORIENTATION</b></p> <ul style="list-style-type: none"> <li>Update orientation material and application form</li> <li>Identify upcoming board and executive vacancies</li> <li>Create planning session/outline or materials</li> </ul>	<p><b>COMMITTEE &amp; DEVELOPMENT WORK</b></p> <ul style="list-style-type: none"> <li>build/revise recruitment committee work-plan</li> <li>brainstorming session for recruitment strategy</li> <li>Outline leadership development or training activities</li> </ul>
October	November	December
<p><b>STRATEGY</b></p> <ul style="list-style-type: none"> <li>Plan recruitment strategy + update recruitment materials</li> <li>Review by-laws and nomination/election procedures</li> </ul>	<p><b>CALENDAR</b></p> <ul style="list-style-type: none"> <li>Update annual recruitment planning calendar</li> </ul>	<p><b>SOCIALIZE</b></p> <ul style="list-style-type: none"> <li>Hold a board social event</li> </ul>

# Succession Planning Tool

# Recruitment Planning

## Other Considerations

Other tools, policies, and templates should be considered if not already existing in a policy or bylaw. Please reach out to your sector support or your Housing Administrator Officer for specific sample templates for tools for other items, such as:

### Roles and Responsibilities of the Directors and/or Committee

- Sample duties (accountability, authority, roles and responsibilities, specific responsibilities)
- Sample Committee Terms of Reference

### Board or Director Code of Conduct

### Procedures

- Board of Directors Membership Application Process
- Nomination of Directors Procedure
- Election of Directors Procedure
- Appointment to Executive Positions
- Orientation of New Directors

### Mentoring

- Assign a mentor to new members, collect feedback, assist with orientation and development

### Board/Housing terms and acronym glossary

- Providing a glossary may help reduce barriers to knowledge or involvement

### Engagement

- Look for ways to incorporate volunteer involvement with the organization in other ways i.e. special events, fundraising



**EOM Preparation Guide**  
***Appendix G***

**Template for End  
of Mortgage  
Review**

# Appendix G: Template for End of Mortgage Review

## Corporate Information

The information below details information contained in the City of Hamilton's current records about your organization. Please review and understand the information listed here as any new agreements should be an accurate reflection of your organization and its obligations. Contact your Housing Programs Advisor if you have additional information about your organization that is not reflected here.

Legal Name: \_\_\_\_\_

Project Address: \_\_\_\_\_

Letters Patent/Articles of Incorporation: [Anything to note in terms and conditions, objects?]

Year project built: \_\_\_\_\_

EOM date: \_\_\_\_\_

Total units for project: \_\_\_\_\_

Total units in portfolio: \_\_\_\_\_

RGI target: \_\_\_\_\_

RGI current provided: \_\_\_\_\_

Mandate: Seniors, family, singles, etc. [Is this reflected in articles, operating agreements?]

# Current Status

## Financial Information

The template requests for information to be submitted for **each project** (i.e., not aggregated per portfolio). You will be asked to provide a financial breakdown for each of your projects reaching EOM. The following information will be requested:

- Your last **three full fiscal years of audited financial data** and if relevant, other financial data to date, including:
  - Your annual information returns (AIRs)
  - Your rent rolls
  - A breakdown of your revenues & expenses

You will also be asked for a breakdown of the project's:

- balance in operating reserves (at the end of the last fiscal year)
- balance in capital replacement reserve (at end of last fiscal year)

## Loans and Other Funding

To ensure that the information we have on file is correct, you will be asked about your current loans with the City, Province and/or Federal government:

- City or Provincial Loan(s): [year of agreement, amount, term, obligations]
- Funding agreements: [year of agreement, amount, term, obligations]

## Asset Management

You will be asked to submit your most recently completed BCA (if not already uploaded into Asset Planner).

You will also be required to submit a 5-year capital plan which will be used to help inform the co-developed financial plan.

# Current Status

## Additional Information

As a starting point for the discussion at End of Mortgage, the template will ask you to respond to the following questions:

- a. Are your rents currently at 80% of average market rent? Have you considered increasing rent? If so, what increases are you considering and why?
- b. What is your average vacancy rate (as a percentage of total occupancy)? How many of these vacancies would you define as 'chronic' rather than 'acute' (chronic = same unit vacant for more than 3 months, acute=short-term vacancy that may be due to unit turnover, etc.).
- c. How are you going to meet your building condition assessment needs? Does your capital repair plan adequately address your needs within the next 5 years? Do you have a preventative maintenance plan?
- d. Have you considered refinancing? Please explain your response
- e. Is there anything else you would like us to be aware of? Any specific End of Mortgage vision you wish to share?