



City of
Peterborough

To: Members of the General Committee

From: Sheldon Laidman, Commissioner, Community Services

Meeting Date: October 28, 2024

Report: Community Housing Strategic Framework for Service Agreements, Report CSSS24-022

Subject

A report to approve the Community Housing Strategic Framework for the End of Mortgage (EOM) and End of Operating Agreements (EOA).

Recommendations

That Council approve the recommendations outlined in Report CSSS24-022, dated October 28, 2024 of the Commissioner of Community Services as follows:

- a) That Council approve the Community Housing Strategic Framework for the End of Mortgage (EOM) and End of Operating Agreements (EOA); and
- b) That the Community Housing Strategic Framework attached as Appendix A and Peterborough – Housing Provider Readiness Guide – Preparing for Service Agreements, included as Appendix B, be received for information.

Executive Summary

- The City of Peterborough, as the Service Manager for Housing for the City and County of Peterborough, oversees the delivery and administration of Rent Geared to Income (RGI) housing programs by Community Housing Provider.
- Community Housing Providers with Operating and Mortgage Agreements for Rent-Geared-to-Income (RGI) housing are nearing or have reached their expiry.

As a result, new service agreements or exit agreements must be established in accordance with the recent amendments to the **Housing Services Act, 2011**.

- On May 13, 2024, Council received a presentation from TWC Inc. for information, and subsequently approved the recommendations outlined in the study (CSSS24-006). The study offered a comprehensive review of the community housing portfolio and provided strategic recommendations to support community housing providers as they navigate the end-of-mortgage and end-of-operating-agreement processes.
- This report represents the second phase of the strategic plan and outlines the City's community housing strategic framework and approach for negotiating new service agreements with housing providers. Key priorities in this framework include maximizing available funding, meeting legislated housing targets, and preserving rent-geared-to-income (RGI) units.

Background

On May 13, 2024 a report to approve the first phase of the Community Housing Strategic Plan study [CSSS24-006](#) was taken to and approved at Council.

The amendments to **the Housing Services Act, 2011** (HSA) provide an opportunity for the City to assess the individual needs of each Housing Provider, ensuring the preservation of RGI units. Following the completion of the Tim Welch Consulting (TWC) strategic plan study, Housing staff have continued proactive efforts, including ongoing consultations with Housing Providers, hosting quarterly meetings, initiating board discussions, and conducting asset reviews for each provider. In addition, staff developed and provided Appendix B "Housing Provider Readiness Guide – Preparing for Service Agreements" and with a Current Capital Financial Review and Forecast to support them through this transition.

In the City of Peterborough, the majority of mortgages associated with Federal projects have already reached their conclusion, signifying a significant milestone in the evolution of social housing within the region. Currently, five Provincial Reformed housing providers have reached the end of their service agreements and have signed interim agreements with the service manager (Reports [CSSS23-008](#) and [CSSS23-025](#)). These interim agreements ensure that there is ongoing support for RGI housing providers until a new Service Agreement is negotiated and signed.

As provincially funded projects transition into the End of Mortgage period, the City's primary objective is to support and protect them, to ensure the ongoing availability of 1,569 RGI housing units, with the goal being that the City is able to meet these contractual obligations within Council approved annual budgets.

Service Agreements

New regulations under the HSA establish baseline rules for new service agreements, aiming to address complex rules and increase flexibility to support local needs. Service Managers can provide funding based on housing provider's individual operational and capital needs, shifting away from a prescribed funding formula.

Baseline rules for service agreements include:

- Must have a term of at least 10 years;
- Service Managers must provide funding for rent-geared-to-income (RGI) assistance, equal to the difference between 30% of household's net income and the unit's rent/housing charge;
- Must include a minimum 5-year financial plan developed jointly by Service Manager and housing provider to address how:
 - i. Providers' revenues will meet expenditures, including projected capital expenditures;
 - ii. Unit rents/housing charges in the housing project will be set;
- Service Managers may provide additional funding;
- Must specify a target or range of units that will receive RGI or an alternate form of assistance; and
- Must continue to fill RGI units through the Service Manager's subsidized housing wait list based on existing rules.

Exit Agreements

Alternatively, if a Housing Provider and/or a Service Manager do not wish to enter a new service agreement, an Exit Agreement is required. Provincial Reformed Providers that wish to exit must continue to provide RGI to existing tenants and must continue to operate the project as an affordable housing project. For projects that are sold, the proceeds of the sale of the project must go towards affordable housing. Exit Agreements are intended to ensure that existing tenants are not displaced, and longstanding public investments are preserved.

Strategic framework

This strategy attached as Appendix A offers a framework for negotiating service agreements, aligning with recommendations from the TWC study and a thorough analysis of the funding model and Annual Information Reporting (AIR).

Key Elements:

Maximizing Federal and Provincial Contributions: The new HSA amendments allow Service Managers to apply a revised rent calculation model, enabling the use of full shelter allowances for Ontario Works and Ontario Disability Support Plan recipients, reducing the subsidy requirement on the municipality. This will see a net benefit to the City's housing budget. Non-social assistance households will contribute no more than 30% of their income towards

rent.

Annual Subsidy and Rent Levels: Subsidy calculations will aim to standardize rents across the portfolio (e.g., 70%-80% of Average Market Rents), based on available budget and operational needs.

5-Year Capital Plans: Housing Providers are required to submit a 5-year capital plan annually, detailing prioritized capital work. The Service Manager will support these efforts through funding programs like Canada-Ontario Community Housing Initiative (COCHI), ensuring building assets are maintained in good condition.

Capital Reserve Fund: Housing Providers must contribute 10% of rental revenue to their Capital Reserve Fund, which will be reviewed annually to ensure financial sustainability and completion of scheduled capital work.

Building Condition Assessments: Providers must complete Building Condition Assessments (BCA) every 4-5 years, with data updated in the asset management tool. The Service Manager may also support providers in securing equity loans for capital projects, with approval required for loan limits (20-30% of asset value).

Negotiation and Risk Management: Key discussion points in service agreement negotiations include contributions towards municipal taxes, insurance premiums, surplus revenue investments into capital reserves, and annual financial reviews.

This approach ensures a sustainable housing portfolio, meeting legislative requirements while protecting critical RGI units.

Strategic Plan

Strategic Pillar: Community & Well-being

Strategic Initiative: Enhance and protect the health, safety, and well-being of all in our City. Provide robust, affordable and accessible sport, recreation, wellness, arts and social programs for people of all ages and abilities.

Strategic Pillar: Governance & Fiscal Sustainability

Strategic Initiative: Accountable, transparent, ethical, and responsible corporate governance and financial management that supports the needs of the community into the future. Proactively advocating for Peterborough's interests by working with other levels of government and optimizing strategic opportunities as they arise for the benefit of our City.

Engagement and Consultation

Housing staff have been meeting with other Service Manager jurisdictions to discuss local interpretations, approaches and management of projects entering the End of Mortgage phase.

Housing Team staff are members of the Housing Strategic Steering Committee (HSSC) supported through Housing Services Corporation (HSC) – who meet to collaborate, build capacity and share knowledge and expertise around the EOM and EOA era. Additionally, HSC has created a SharePoint site including an EOM library with resources, provided by and shared with other Service Managers, to prepare for EOM and EOA Strategies.

The housing team is also consulting with the city's legal staff to help develop new service and exit agreements for local use. Additionally, City of Peterborough Housing staff have collaborated with Ministry representatives and other service managers in nearby areas to ensure a consistent interpretation of the **Housing Services Act, 2011** amendments, and to create exit and operating agreements.

Budget and Financial Implications

Agreements will be negotiated with housing providers to ensure they can meet contractual obligations within future Council-approved annual budgets. The current total budget for Non-Profit Housing program is \$4,398,902, with \$1,167,086 allocated for agreements that have expired.

Conclusion

This strategy aims to create a strong, sustainable framework that aligns with both the legislative requirements and the operational realities faced by Housing Providers. It will help to ensure that the City's community housing portfolio remains resilient, financially viable, and capable of continuing to support vulnerable populations well into the future.

Attachments

Appendix A: Community Housing Strategic Plan Framework

Appendix B: Housing Provider Readiness Guide - Preparing for Service Agreements

Submitted by,

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