City of Hamilton
Housing Services Division
Healthy and Safe Communities
Brian Kreps
Program Manager, Social Housing

Communiqué

Issue 2023-010 **Date: November 7th, 2023**

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

✓	Providers Under *Housing Services Act, 2011*
✓	Providers Under a Federal Operating Agreement
✓	Requirement
✓	Guidelines
	For Information Purposes Only

SUBJECT: End of Mortgage Update

Hello Providers,

Please find attached our End of Mortgage Strategy and Implementation Report that was approved by Council on October 25th, 2023.

At End of Mortgage, Housing Providers have two options: to continue offering social housing under a new agreement within a new community housing framework, or to meet the prescribed requirements necessary to exit the community housing portfolio.

The City of Hamilton's main goal at End of Mortgage is to incentivize our Housing Providers to stay within a community housing framework.

The strategy detailed in this report is defined by a key set of principles and guidelines to guide negotiation of new agreements with housing providers. The strategy also outlines a process for working with Housing Providers to review the viability of their projects from an operating and capital perspective to determine financial supports that may be required.

When your End of Mortgage date approaches, we will be requesting three full years of financial data for your project under review. The negotiation process will start with a review of your financial statements and will include a discussion pertaining to vacancies and rent, property development plans, and your strategic goals. We will also be conducting viability analyses examining both operational and capital viability and will be co-developing a five-year financial plan with you.

More information about the process is detailed in Appendix A.

Please feel free to connect with Elissa Press (Elissa.Press@hamilton.ca) if you have any questions about the End of Mortgage Strategy or with your Housing Administration Officer.

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CITY OF HAMILTON
HEALTHY AND SAFE COMMUNITIES DEPARTMENT
Housing Services Division

TO:	Chair and Members Emergency and Community Services Committee
COMMITTEE DATE:	October 19, 2023
SUBJECT/REPORT NO:	End of Mortgage Strategy and Implementation (HSC23050) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Elissa Press (905) 546-2424 Ext. 4234 Brian Kreps (905) 546-2424 Ext. 1782
SUBMITTED BY:	Michelle Baird Director, Housing Services Division Healthy and Safe Communities Department
SIGNATURE:	Michelle Baird

RECOMMENDATIONS

(a) That the End of Mortgage Strategy, including the funding model, attached as Appendix "A" to report HSC23050 be approved and that the General Manager of the Healthy and Safe Communities Department or designate, be delegated the authority to modify the strategy so long as it supports the long-term sustainability of the social housing portfolio at End of Agreement/ End of Mortgage and does not negatively impact the City of Hamilton's budget;

(b) That the General Manager of Healthy and Safe Communities or designate be authorized and directed to enter service and exit agreements with housing providers for projects under *Housing Services Act*, S.O. 2011, c. 6, Sched. 1, that reach End of Operating Agreement or End of Mortgage after 2023 and execute any ancillary agreements or documents in order to provide ongoing affordability for tenants and long-term sustainability for the project, in a form satisfactory to the City Solicitor;

(c) That $5.1M be referred to the Housing Services 2024 Tax Operating Budget process annually for the next four years to increase the levy base to $20.4M, and that this enhancement be increased by inflationary factors, in order to provide an ongoing base totalling $153 million from 2023-2032 to address capital needs of Housing Projects that are at End of Mortgage/End of Agreement;

(d) That at the end of the year, if the Housing Division's Net levy is in a surplus, that any unspent funds be transferred to the Social Housing Transition Reserve #112244 to be utilized in future years to fund capital grant requests;

(e) That a Full Time Equivalent staffing position for a Capital Analyst be referred to the 2024 Housing Services Division complement at an approximate cost of $111,289 annually for salary and benefits be included in the 2024 Tax Operating Budget;

(f) That the temporary position of Senior Financial Analyst be converted into a permanent Full Time Equivalent position to be approved in the 2024 Corporate Services, Financial Planning, Administration and Policy Division, funded as reported in HSC22040 through the existing Social Housing investment program levy base.

EXECUTIVE SUMMARY

The social housing system is undergoing a fundamental transformation. Social housing refers to a series of programs that built deeply affordable housing from the 1950's to 1997. It is during this period that most rent-geared-to-income housing in Hamilton and across Ontario was built. Funding and obligations for housing providers were tied to mortgages. Agreements generally ended once mortgages were fully paid off. Depending on the government with whom agreements were originally established, the expiration of these agreements are either referred to as End of Agreement or End of Mortgage. End of Agreement refers to agreements originally signed between housing providers and the federal government that have come to an end. These agreements end once the mortgage is paid off and generally do not carry any obligations once ended. End of Mortgage refers to agreements signed between housing providers and the provincial government. These agreements do carry ongoing obligations to provide rent-geared-to-income housing once their mortgage ends.

Most mortgages for federally funded projects have ended in Hamilton. As reported in report HSC22040 - Service and Exit Agreements for Community Housing Providers at End of Mortgage (EOM) and Reinvestment of Mortgage Savings and brought forward to Emergency and Community Services Committee on August 11, 2022, 1647 federal units reached End of Agreement and left the system by the end of 2020. In 2021 the first wave of mortgages for provincially-funded housing providers in Hamilton began to

end. Without the corresponding legislation in place for new service agreements, these projects continued to receive funding following the pre-existing *Housing Services Act* formula. This formula grossly underestimates the capital required to retain an aging housing stock. While all the provincially-funded projects that have already reached End of Mortgage have been retained so far, they require new agreements that sufficiently-fund these projects so that affordable housing is maintained.

End of Agreement and End of Mortgage present municipalities with a new challenge, the likes of which have not been previously encountered. Prior to the amendments made to the *Housing Services Act (2011)* in 2022, the funding framework of agreements and legislation governing the provision of social housing remained largely unaltered for decades. The provincially-prescribed funding formula assumed that once the mortgage was paid off, the project would continue to operate with sufficient revenue to meet operating expenses and capital repairs. Without continued financial assistance, many social housing providers will operate in a deficit or will have inadequate reserves to fund needed capital repairs.

In 2022, the province of Ontario amended the *Housing Services Act* to include updated Service and Exit Agreement requirements, detailing both a new regulatory framework and funding approach. The amended legislation provides two options for Housing Providers at End of Mortgage. Housing providers may continue to offer social and/or affordable housing under a new agreement within a new community housing framework or they must meet the prescribed requirements necessary to exit the community housing portfolio.

Central to new operating agreements is the financial plan, a joint endeavor between the Service Manager and Housing Provider that must be reviewed at least every five years and that outlines both the Housing Provider and Service Manager financial responsibilities to ensure that projects remain sustainable and affordable to tenants. At a minimum, the legislation requires that Housing Providers entering new agreements be funded the difference between what the rent-geared-to-income tenant pays for rent and what would otherwise be paid for that unit.

Authority to enter into new service and exit agreements with housing providers at End of Agreement and End of Mortgage was authorized by Council until the end of 2023 (Report HSC22040). It is recommended that authority be delegated to 2024 and beyond so that new agreements can be established.

New Service Agreement regulations allow the City of Hamilton to allocate funding based on housing providers' operational and capital needs. To ensure that the new agreements meet legislative expectations and adequately support the long-term viability of social housing units originally funded by the province, staff have developed a new End of Mortgage Renewal Strategy with guiding principles and policy recommendations, including a new funding model, (Appendix “A”). It is recommended that this strategy be approved.

The proposed strategy will apply equally to CityHousing Hamilton and non CityHousing Hamilton projects. However, given the City’s unique relationship and existing agreement with CityHousing Hamilton, projects at End of Agreement will be considered at the same time as projects at End of Mortgage for CityHousing Hamilton. Hamilton East Kiwanis and McGivney Homes also have agreements with the City to fund their federal projects using the funding formula for provincial projects and will have their End of Agreement projects reviewed with their End of Mortgage projects. For other non-CityHousing Hamilton Housing Providers, the initial focus will be confined to projects at End of Mortgage.

The strategy is defined by a key set of principles and guidelines to guide negotiation of new agreements with housing providers. The strategy also outlines a process for working with Housing Providers to review the viability of their projects from an operating and capital perspective to determine financial supports that may be required.

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.

Viability analyses at End of Mortgage will be conducted to ensure that the project can function sufficiently to address both operational and capital needs. Investments to ensure that projects remain operationally viable have already been made to the budget through the retention of ‘mortgage savings’ and the approved levy base request for social housing projects reaching End of Mortgage. While funding is currently anticipated to be sufficient to remain within our base for operational requirements, projects will experience capital shortfalls.

In 2016, Building Condition Assessments were completed on all social housing provider properties. Building condition assessment reports detail the repairs required for the housing project in both the short and long term, along with the estimated cost of completing these repairs. In 2016 the estimated capital repair costs for social housing projects was $643M. Updated Building Condition Assessments are currently in process and all social housing projects should have their new Building Condition Assessments completed by the end of 2024. Updated assessments will help update the cost differential between capital reserve funds and capital repair work required. It is anticipated that the cost of capital repairs will increase. Although capital repair costs are substantial and cannot solely be addressed through subsidies from the City of Hamilton, a significant municipal investment is required for the continued provision of social housing units. To address capital viability, Council has approved the 2023 budget for $653,000 for annual municipal social housing capital repairs, roughly 1% of what is required for capital repairs based on the 2016 building condition assessments. It is recommended that funding up to 25% of the 2016 building condition assessments be provided by the municipality for capital funding to support the long-term financial sustainability of our social housing portfolio.

To achieve this objective, it is recommended that $5.1M from the municipal tax levy be referred to the 2024 Tax Supported Capital Levy budget annually for four years to a cumulative total of $20.4M, and that this enhancement increase by inflationary factors to provide an ongoing base to address capital needs of Housing Projects at End of Mortgage/End of Agreement. The other 75% needed for funding capital repair will be obtained through funding mechanisms available to the Housing Provider.

Given the volume of projects requiring review, and the attention that will be required to ensure capital funding sources are maximized and used efficiently a Full Time Equivalent staffing position for a Capital Analyst is needed to resource this work. It is recommended that this FTE be added to the 2024 Housing Services Division complement and that funding for a Capital Analyst at an approximate cost of $111,289 annually for salary and benefits be referred to the 2024 tax operating budget.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: It is recommended that $5.1M be added to the Housing Services 2024 Tax Operating Budget for the next four years to a cumulative total of $20.4M, and that this enhancement provide an ongoing base to address capital needs of Housing Projects at End of Mortgage/End of Agreement. Given the timing to review and process requests, and the actual draw on the available funding within a given year, it is recommended that the Social Housing Transition Reserve #112244 be used to support the administration of the funding. The use of the reserve will allow the base to be maintained if not used within the current year due to the amount of time required to complete the analysis and funding agreements for providers.

Staffing: It is recommended that Council approve funding from the Municipal Tax Levy for a full-time equivalent staffing Capital Analyst position to be added to the 2024 Housing Services complement and that funding for a Capital

Analyst at an approximate cost of $111, 289 annually for salary and benefits be referred to the 2024 Tax Operating Budget.

To further ensure a sufficient staff to conduct the necessary financial analyses, the current temporary Business Support Services Coordinator position will be converted to a Senior Financial Analyst reporting to Corporate Services, Financial Planning and Administration to support the Housing Services Division in the financial and analytical work required in preparing and maintaining the financial component of the new End of Mortgage or End of Agreements contracts. The annual salary and benefit cost is funded from the reinvestment of Social Housing funding as reported in Council Report HSC220040. This position is currently being recruited.

Legal: Amendments to Ontario Regulation 367/11 of the *Housing Services Act*, 2011 establish baseline rules governing new Service and Exit agreements. Hamilton Legal Services has drafted new Exit and Operating agreements based on legislation and key agreement components.

New operating agreements are legally binding for a minimum of 10 years. New operating agreements require Service Managers to provide rent-geared-to-income assistance to cover what the rent-geared-to-income tenant pays to the Housing Provider and what would otherwise be received for that unit. In addition to ensuring affordability for existing tenants, Service Managers are legally bound to ensure that their agreements provide for the sustainability of the physical asset. Beyond these requirements, no funding formula is specified. In the absence of a new agreement, the existing *Housing Services Act* requirements remain in effect.

End of Mortgage does not impact the Service Managers' obligation to meet prescribed Service Level Standards.

HISTORICAL BACKGROUND

In 1997 the federal government devolved responsibility for social housing to the provinces.

In 2001, with the passing of the *Social Housing Reform Act*, the Province of Ontario transferred program administration and funding responsibilities to municipalities. The

Social Housing Reform Act outlined the current social housing system framework, including the obligations of local Service Managers across the province.

In 2011, the Province enacted the *Housing Services Act* (the Act) and associated regulations to replace the *Social Housing Reform Act* with updated requirements for the funding and administration of transferred social housing projects. Information about Service Manager administrative obligations, including metric and key performance indicators for the City of Hamilton is detailed in the 2022 *Social Housing Annual Update*, Report HSC23016.

In July 2022, the Province amended Ontario Regulation 367/11 of the Act to allow for the creation of new service agreements between the Service Manager and the Housing Provider that stipulate the terms under which they will continue to provide rent-geared-to-income (RGI) housing.

Most of the original operating agreements that governed the provision of social housing originally funded by the federal government within the City of Hamilton’s boundaries have already expired. Remaining mortgages for projects originally funded by the province are set to expire over the next few years as their mortgages are paid off. These projects will require new agreements to ensure that they remain sustainable and viable.

Previous reports to Council, including Report CES16064 Social Housing – End of Federal Operating Agreements Impact and Analysis (December 12, 2016) and Report HSC22040 – Service and Exit Agreements for Community Housing Providers at End of Mortgage (EOM) and Reinvestment of Mortgage Savings (August 11, 2022) provide detailed background information about the history of social housing and the impact that different legislation has had on both the oversight and administration of social housing. Report CES16064 highlighted actions that could be taken to preserve social housing in Hamilton as projects reached the end of their federal agreements. Report HSC22040 provided recommendations that were subsequently approved to retain ‘mortgage savings’ for social housing projects and provide a one-time enhancement to the Housing Services Division budget of $1.1M for rent supplements, operating subsidy or capital funding for housing projects at end of Mortgage and End of Agreement.

As per Report HSC22040, Council endorsed the recommendation that staff develop a long-term strategy for funding Social Housing Providers at End of Operating Agreement/End of Mortgage and report back to Council.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The new July 2022 Service Agreement amendments establishes minimum requirements for:

- Baseline provisions to continue funding rent-geared-to income units;
- Setting a minimum term length of 10 years for the service agreement;
- Co-development of a Financial Plan that addresses the operating and capital needs of the project that is reviewed at least every five years;
- Selection rules for units where households will be receiving rent-geared-to-income assistance, to align with existing selection and waitlist rules under the *Housing Services Act*;
- The inclusion of a process to manage issues of non-compliance and dispute resolution; and
- Participation in regulated Housing Services Corporation programs with current exemptions continuing.

The amended legislation provides two options for Housing Providers at End of Mortgage; continue to offer social and/or affordable housing under a new agreement within a new community housing framework or meet the prescribed requirements necessary to exit the community housing portfolio.

Housing Providers who have reached End of Mortgage but have yet to sign a new operating or exit agreement continue to be governed by the pre-existing Housing Services Act rules and funding formula.

Exit Agreements are required if a Housing Provider and/or a Service Manager do not wish to enter a ‘new’ community housing framework. Conditions for provincial projects to exit (i.e., those projects that have reached End of Mortgage) include the continued provision of rent-geared-to-income for existing tenants and the continued operation of the project as an affordable housing project or the redevelopment of the project for affordable housing. For projects that are sold, reinvestment of the proceeds of the sale of the project must go towards affordable housing. Thus, Exit Agreements ensure that existing tenants are not displaced, and longstanding public investments are preserved.

For Housing Providers at End of Mortgage who wish to enter the ‘new’ community housing framework, the regulations require new operating agreements to provide for the sustainability of the physical asset and affordability for existing tenants. Under the amended regulations, the Service Manager is legislated to pay the difference between the portion the tenant pays for rent-geared-to-income and what otherwise would be paid for that unit. No other funding criteria is specified.

Existing local policies governing tenancies such as unit occupancy and rent-geared-to-income eligibility remain in effect and are not impacted by the new framework.

As per provincial requirements, Service Managers are required to have 10-year Housing and Homelessness Action Plans. This plan, which received council endorsement in August 2020, lists as one of the strategies the need to “develop and implement a sustainable municipal funding source for social housing renewal”. Implementation actions listed in the Action Plan include developing a sustainable funding model and allocating the funds to community housing renewal projects through an allocation process that “maximizes efficiency and effectiveness”. Municipal investments are needed not only to meet the City’s Action Plan but also to meet the legislative requirements of the Housing Services Act to provide good quality and safe housing for people to live in.

The Housing Sustainability and Investment Roadmap four-pillar approach, which is complementary to the Housing and Homelessness Action Plan, also includes the retention of affordable housing units as one of their objectives. Retaining current units is timelier and more cost-effective than constructing new units. End of Mortgage provides an opportunity for the City of Hamilton to meet our Service Level Standard agreements and provide the requisite number of units that we are legislated to provide.

RELEVANT CONSULTATION

An End of Mortgage Renewal group was created in January 2022 with staff from Corporate Finance and Housing Services Division. The group was tasked with determining strategic direction and developing a financial analysis including potential End of Mortgage incentives, funding considerations and projections along with implications and costs of varying approaches.

Consultations with City of Hamilton Legal Services staff have been ongoing to ensure a consistent interpretation of the Act and to create exit and operating agreements.
In 2022, Housing Services Division staff started meeting other Service Manager jurisdictions to discuss local interpretations, approaches and management of projects entering End of Mortgage.

Consultations with housing providers for End of Mortgage began as early as 2016 and have been conducted intermittently since. Housing Provider feedback was used to refine the proposed End of Mortgage principles and strategy.

In June 2023, Hamilton Housing Services Division staff conducted an environmental scan of the approaches and principles being used by other jurisdictions at End of Mortgage.

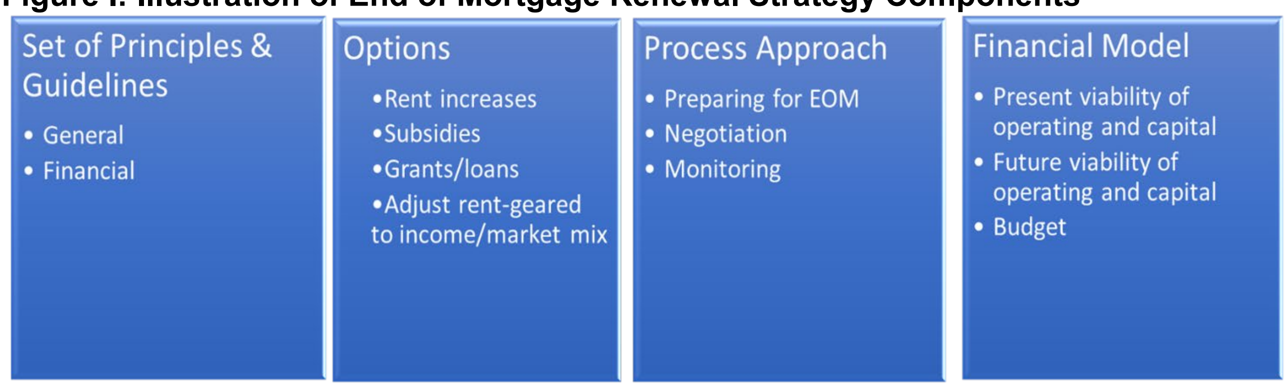
ANALYSIS AND RATIONALE FOR RECOMMENDATION

In total, staff will work on new agreements under the proposed strategy for 128 multi-unit projects, which comprise the bulk of our units, and 610 additional units in single or semi-detached projects. The total number of units needing to be preserved in our social housing inventory is 10, 678. The way in which the actual number of projects is determined may vary depending on how best to configure the single and semi-detached units.

The environmental scan underscored a shared set of goals between municipalities such as building housing provider capacity and autonomy, ensuring housing unit affordability, raising rent to 80% of average market rent when advisable, and addressing current capital needs prior to leveraging new builds. While all Service Managers have or will be creating a financial modeling plan, expectations for surplus and capital requirements for housing projects varied. All municipalities were considering applying rent-geared-to-income subsidy as baseline as per legislative requirements. The Region of York and the City of Ottawa were considering a subsidy framework which is all-encompassing (i.e., one subsidy that factors in both rent-geared-to-income and capital).

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

Figure I: Illustration of End of Mortgage Renewal Strategy Components



The principles and guidelines developed, along with a systematic approach for working with providers at End of Mortgage, and a transparent funding model create an overall strategy designed to encourage housing providers to continue to offer affordable housing, address the long-term financial sustainability of their portfolio, and ensure that projects are kept in a satisfactory state of repair. The combination of funding options will ultimately depend on the viability analyses and the housing project's unique circumstances based on their operating and capital needs. Further details about the strategy can be found in Appendix “A.” A workplan and timelines for when projects reach End of Agreement/End of Mortgage can be found in Appendix “B.”

At present, there is a single staff member who administers the totality of capital needs for all social housing. Given the detailed review required for the upcoming projects reaching End of Agreement/End of Mortgage, an additional capital incentives staff would be instrumental in analysing capital needs and ensuring that providers access available funding sources. Addressing capital remains the most complex of the End of Agreement/End of Mortgage issues. The amount of funding required by housing providers for capital needs far exceeds the amount that the City of Hamilton can provide. An additional capital analyst can ensure that resources are maximized for housing projects at End of Mortgage and that providers are best positioned to address their project’s capital repair needs. Efforts are currently underway to also hire a temporary new senior financial analyst to help with reviewing the financial viability of projects requiring new agreements and assist with the development of funding agreements.

Based on a preliminary analysis, Housing Services Division Staff anticipate staying within the current operating base to support Housing Projects at End of Agreement and End of Mortgage. The analysis also suggests that additional municipal funding is required to help meet the extensive capital repair needs of our aging social housing stock. The majority of Social Housing Providers currently have an accumulated backlog of repairs requiring completion, reflecting the insufficiency of the previous funding formula. Based on 2016 Building Condition Assessments, reports that indicate repairs required for the housing project in both the short and long term, along with estimated cost of completing these repairs, the estimated amount for Social Housing Providers to address their capital costs is $643M.

Recognizing that a substantial municipal investment is required to address a portion of the capital repair costs, while simultaneously acknowledging finite resources and the need for Housing Providers to obtain additional funding through various sources, the City of Hamilton is proposing to partially bridge the capital repair costs by contributing 25% of capital repair costs to support and maintain units. 24% or $153M would be included in the levy based over the next 10 years, through an enhancement of 5.1M for four years to increase the base to 20.4M. It is recommended that this enhancement be increased annually by inflationary factors, in order to provide an ongoing base to address capital needs of Housing Projects that are at End of Mortgage/End of Agreement. The other 1% would be derived from the Annual Municipal Social Housing Capital Repairs and Regeneration funding. The remaining 75% would be funded by providers internal financing, through a bundle of options including Canada Mortgage and Housing Corporation (CMHC) loans/grant requests and other Provincial funding such as Canada-Ontario Community Housing Initiative (COCHI). The chart below details the funding request and the current funding sources available to Housing Providers at End of Mortgage.

Chart 1: Capital and Funding Request and Sources at End of Mortgage

	2023-2032	Notes
Capital		
Building Condition Assessments (BCAs)	643,000,000	Based on 2016 BCAs
Subtotal- capital needs	**643,000,000**	**May vary based on updated BCAs**
Funding Sources		
Provider – Capital Reserves		Will vary depending on base and financial situation
Provider- Loan/refinancing		Depends if eligible and advisable
Provider Grant/COCHI		Depends if eligible and awarded
Annual Municipal Social Housing Capital Repairs and Regen 6730041000	7,319,000	Approval pending through annual Capital budget process. $7.319M is the cumulative projection of requests for 2023-2032
Levy Base Request in recommendation (c)	153,000,000	$5.1M annual enhancement from 2024-2027, cumulative $51M. Ongoing base of $20.4M 2028-2032, cumulative $102M *see Note 1 below
City of Hamilton Contribution at ~25%	**160,319,000**	**~25% = 160,319,000/643,000,000**

Note 1

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	**Total**
Levy Increase	$5.1M	$5.1M	$5.1M	$5.1M	0	0	0	0	0	**$20.4M**
Levy Base	$5.1M	$10.2M	$15.3M	$20.4M	$20.4M	$20.4M	$20.4M	$20.4M	$20.4M	**$153M**

While legislation only requires Service Managers to fund rent-geared-to-income assistance and not capital repair costs, Service Managers are required to fund projects in a manner that ensures that the project can be sustained and is viable. Without sufficient funding from the municipality, the City of Hamilton risks losing more affordable housing within our geographical boundary.

ALTERNATIVES FOR CONSIDERATION

N/A

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" to Report HSC23050: End of Mortgage Strategy and Funding Model

Appendix "B" to Report HSC23050: End of Mortgage Workplan and Timelines

End of Mortgage Strategy and Funding Model

Introduction

The funding and governance of social housing is undergoing a fundamental shift in Ontario. Funding arrangements and obligations to provide rent-geared-to-income housing were contained in agreements that were tied to mortgages when social housing projects were built. Projects primarily funded by the federal government have almost no ongoing obligations once their mortgages end. Projects originally funded primarily by the provincial government must continue to provide rent-geared-to-income housing once their mortgage ends. The end of mortgage for these projects is accompanied by significant changes in their funding which creates uncertainty for the ongoing viability of their operations and capital asset.

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 to review the viability of their projects from an operating and capital perspective to determine financial supports that may be required.

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.

Figure 1: Illustration of End of Mortgage Renewal Strategy Components

Strategy Principles

The principles explicitly acknowledge that the City of Hamilton will endeavor to retain all current social housing units. Through the establishment of principles and guidelines, the strategy aims to:

- Incentivize Non-Profit and municipally owned affordable housing providers to remain within the community housing portfolio thereby protecting existing rent-geared-to-income tenancies/affordable housing
- 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

A full-list of the principles and guidelines developed to support this strategy are detailed below. 'Subsidies' specifically refer to City of Hamilton operating and capital subsidies, while 'funding' connotes multiple funding sources which could include, but is not limited to, the City of Hamilton:

General Principles

- Social housing is recognized as a valuable publicly funded asset.
- Efforts will be made by the City of Hamilton to retain all current social housing units at End of Agreement/End of Mortgage, and ideally increase the number of affordable housing units available.
- Funding arrangements will enable social housing to remain financially viable, affordable and in good repair.
- Subsidies must be flexible to adapt to varying realities and changing contexts.
- Subsidies will be based on demonstrated need and applied through a transparent funding approach.
- Subsidies will be distributed with consideration to both operating and capital needs and will be responsive to municipal financial constraints.
- Subsidies will incentivize Housing Provider investment and accountability to reduce operating costs (i.e., to maximize revenue sources/efficiencies).
- Subsidies will support housing provider accountability and autonomy.
- Equity will be directed to current project operating and capital needs prior to leveraging new builds. Surplus equity may be used to leverage development with Service Manager approval.

Funding Principles and Guidelines

- To address capital needs, multiple funding sources are required for the continuity of a social housing project.
- Financial viability is defined as a project having a surplus that can be used to address a portion of capital repair costs rather than breaking even.

Based on the funding principles stated above, a comprehensive funding model was developed to support the long-term financial sustainability of social housing. Guidelines were created to develop a standardized approach for determining 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. This model and the underlying assumptions on which it is based is used to assess both operational and capital viability of a housing project.

Guidelines for Rent-Geared-to-Income Rent

- Rent for rent-geared-to-income tenants will continue to be determined by either minimum rent, benefit unit max shelter or 30% of income (line 23600 of Notice Of Assessment)
- Calculating rent-geared-to-income rent based on maximum shelter allowance under social assistance rather than rent-geared-to-income rent scales will apply to and be piloted with new rent-geared-to-income tenants only.

Guidelines for Provider Capital Reserve Contribution

- The capital reserve contribution determined for each housing project will increase annually based on 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 Housing Provider needs and City of Hamilton fiscal constraints

Guidelines for 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.

Guidelines for Tax Exemptions

- CityHousing Hamilton projects that receive property tax exemptions will continue to receive these exemptions.
- In general, new property tax exemptions will not be considered for Housing Providers. Subsidy that includes the amount needed to cover property tax may be considered where need is demonstrated.

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-Geared-to-Income Subsidy/ Rent supplement
- Rent increases
- 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

Subsidies

The forms of subsidy and funding listed above will be considered based on the viability analyses conducted for each project. As baseline, housing providers who sign new operating agreements with the City of Hamilton will receive City of Hamilton rent-geared-to-income subsidies as per legislative requirements. The combination of the options to be used will ultimately depend on the housing project’s unique circumstances.

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

- A 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 that unit, will be paid for automatically as baseline funding for housing providers who enter into new operating agreements with the City of Hamilton.

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).

Refinancing/Grants/Loans

- All housing providers will be encouraged to apply for grants and encouraged to maximize multiple funding sources for viability
- Where it is advisable, 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. The additional subsidy is limited by the Housing Divisions Social Housing Providers Investment fund for Operating.

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 limited by the Housing Divisions Social Housing Providers Investment fund for Capital repairs.
- Capital needs far exceed available funding sources for most projects. Subsidies are intended to help bridge rather than close the gap. Opportunities for maximizing City of Hamilton administered capital funding will be explored.

Market/Rent-Geared-to-Income Mix

- Shifting current rent-geared-to-income and market mix is generally a last resort. The impact of changing targets will be considered with respect to the City of Hamilton’s Service Level Standard obligations.
- For projects that are currently operating below rent-geared-to-income targets, an individualized approach will be implemented. Where feasible, projects will be brought up to target level.

The guideline below was developed to support vacancy loss and rent-geared-to-income reconciliation:

Vacancy Loss & Rent-Geared-to-Income reconciliation

- The Service Manager will pay for vacancy loss for a subsidized unit up to a one-month period. An annual reconciliation of vacancy loss and rent-geared-to-income subsidy will determine the amount to be recovered from or paid to the Housing Provider.

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

a) Education and Stakeholder Engagement

Housing Providers are expected to be knowledgeable about and prepared for End of Mortgage. Housing Providers are also expected to 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 End of Mortgage legislative changes, opportunities and how to prepare, the City of Hamilton sent End of Mortgage communique's to housing providers, hosted update and engagement sessions, and shared available resources. Housing Officers have also been doing ongoing outreach to housing providers to ensure that they, and their stakeholders, are aware of the End of Mortgage regulations and the End of Mortgage dates of their specific housing projects.

b) Review of organization's post-End of Mortgage vision and review of governance framework.

City Staff have encouraged Housing Providers to consider their organization's post-End of Mortgage vision and to review their governance framework. Although the role of the Board remains the same post-End of Mortgage, the new community housing legislation allows for greater partnership between the Service Manager and Housing Provider. This new framework enables the Board to make fresh decisions regarding the operations of their housing project. End of Mortgage also provides the opportunity for Boards to evaluate their capacity to continue as is or to take on planning or oversight of new or expanded activities.

c) Identify and resolve issues listed in the Operational Review and determine how successful practices can continue

In preparation of End of Mortgage, Housing Officers are working with Housing Providers through their operational reviews to identify areas for improvement. As part of the Service Manager obligation to ensure that social housing providers are operating in compliance with the rules and regulations mandated by the Housing Services Act, Housing Administration Officers conduct operational reviews for each project every two to three years. This comprehensive review examines operating procedures including administration procedures, governance, financial management, resident relations, and maintenance management. Performance is measured against the requirements set out in the Housing Services Act and its associated regulations and rules. Discussions based on the results from the Operational Review enable Housing Providers to address how problematic difficulties can be resolved and how successful practices can continue, especially as projects approach End of Mortgage.

d) Ensure projects have updated Building Condition Assessments

To prepare for End of Mortgage, Housing Providers have been made aware that updated Building Condition Assessments are required. The City has administered $200,000 to date through the Canada Ontario Community Housing Initiative (COCHI) to fund twenty-five building condition assessments. The remaining providers will be funded through this year's COCHI allocation once approved. A Building Condition Assessment (BCA) report indicates repairs required for the housing project in both the short and long term, along with estimated cost of completing these repairs. A Building Condition Assessment report is a valuable tool in helping to determine capital repair needs and capital repair reserve contributions. All projects that are entering End of Mortgage must have a Building Condition Assessment that was completed within the 3 years before project review. As part of the new Service Agreement, Building Condition Assessments need to be completed again before the 5-year financial review.

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 sources of 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

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 the financial model and analysis.

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.

f) Operating Agreement

A standard Operating Agreement template has been developed by 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 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 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 disaggregate 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.

c) Budget Review

To ensure that our financial projections meet the needs of the City of Hamilton's obligations under legislation, a review of the financial framework and funding model will occur after the first 5-year mark of this new framework, which aligns with the financial review of providers as per regulatory requirements.

Financial Model

This financial model, to be used during the negotiation phase, will guide the analyses of the housing project's operating and capital viability.

Financial Model and Analysis

1) Determining the Financial State of a Project

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. 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.

An assessment tool based on an existing End of Framework assessment tool originally developed by Steve Pomeroy for the Canadian Housing and Renewal Association was created to help assess the financial impact and viability of housing projects at End of Agreement/End of Mortgage.

The tool undertakes two types of assessment: 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.

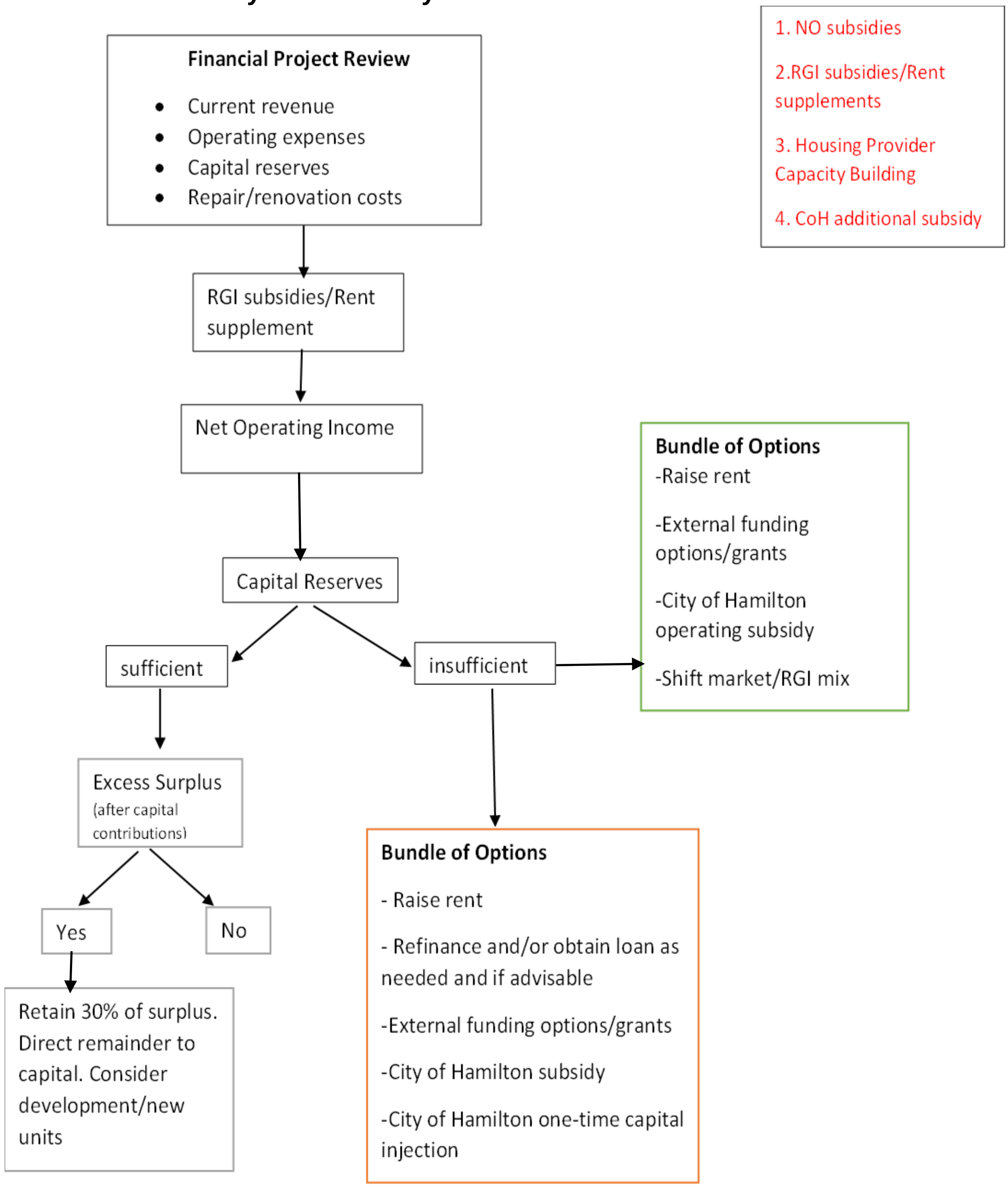
Each scenario will be projected to five and ten years with inflation factors applied to determine funding needs. As per legislative requirements, rent increases will follow provincial rent increase guidelines. Assumptions have been made around inflationary factors to project revenues and expenses over the 10-year span. Revenues will be projected based on the 5-year historical average of provincial indices for rent-geared-to-income rent, market rent and vacancy loss. Expenses (excluding Capital Reserve Contribution) will be projected based on the 5-year historical average of the City of Hamilton budget guidelines. The Residential Statistics Canada Construction Cost Index will be used to determine capital reserve contribution. The benchmark formula in the Housing Services Act for housing projects that have not yet reached end of mortgage uses the Canadian Price Index. However, the Canadian Price Index is not as robust to inflationary changes as the Residential Statistics Canada Construction Cost Index. The Residential Statistics Canada Construction Cost Index is used by Housing Services Corporation who is legislated in the Housing Services Act to assist housing providers and service managers. The increased contribution requirement for Housing Providers to their capital reserve will result in greater expenses and potentially cause a greater operating deficit for the project. This deficit is funded by the City of Hamilton through a subsidy and agreement with the provider to increase rents to ensure long-term viability where applicable and following an impact assessment of rent increases.

The model assumes that 5% of revenue is a reasonable target for operating surplus. Five percent is assumed to help providers meet the threshold of being financially viable rather than simply breaking even. Having a small amount of operating surplus is required for projects to respond to operating expenses that may not have been budgeted such as insurance claims, lawsuits, and unanticipated maintenance. An operating surplus is allocated to the operating reserve up to a capped amount. Monetary funds exceeding this percentage will be directed to capital reserves. Based on preliminary financial modeling, 30% of revenue is assumed as a viable operating reserve to cover three months of unplanned expenses. A cumulative accumulated surplus of greater than 30% will be directed to capital reserves.

Capital reserves should not be greater than the amount required to fund major capital repairs and replacement over a ten-year horizon. If the reserve exceeds this amount, Housing Providers will no longer be required to transfer operating reserves to capital and the City of Hamilton will stop providing operating subsidies. Should capital reserves be sufficiently funded, Housing Providers will be encouraged to invest in new developments or additional units. Preliminary analyses indicate that no housing projects should have over-funded capital reserves based on the proposed model.

The flow chart below outlines the options that will be considered for Housing Projects after a rent-geared-to-income subsidy is applied if operating income or capital reserves are either insufficient or sufficient.

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



City of Hamilton Budget/ Finance Strategy

Corporate Finance analyzed social housing’s existing operating budget and projected a 10-year budget using a 5-year benchmark average. The base budget was then revised by the percentage of projects reaching End of Mortgage as these projects would be funded differently from those still under the previous Housing Services Act regulations. A rent-geared-to-income City of Hamilton subsidy was applied automatically to projects at End of Mortgage. Based on a preliminary generalized analysis, and attributing 5% for operating surplus per project, the City of Hamilton anticipates staying within the operating base budget.

Capital was then examined for the multi-unit projects reaching End of Mortgage and CityHousing multi-unit projects at both End of Mortgage and End of Agreement. Capital needs for the single and semi-detached units were not reviewed as building condition assessments for these properties were not available. Current projections are based on high level assumptions. As more sophisticated information is worked through forecasts may change. The analysis suggests that additional municipal funding is required to help meet the extensive capital repair needs of our aging social housing stock. The majority of Social Housing Providers currently have an accumulated backlog of repairs requiring completion, reflecting the insufficiency of the previous funding formula. Based on 2016 Building Condition Assessments, reports that indicate repairs required for the housing project in both the short and long term, along with estimated cost of completing these repairs, the estimated amount for Social Housing Providers to address their capital costs is $643M.

Recognizing that a substantial municipal investment is required to address a portion of the capital repair costs, while simultaneously acknowledging finite resources and the need for Housing Providers to obtain additional funding through various sources, the City of Hamilton is proposing to partially bridge the capital repair costs by contributing 25% of capital repair costs to support and maintain units. Twenty four percent or 153M would be included in the levy based over the next 10 years, through an enhancement of 5.1M for four years to increase the base to 20.4 million. The other 1% would be derived from the Annual Municipal Social Housing Capital Repairs and Regeneration funding. The remaining 75% would be funded by providers internal financing, through a bundle of options including Canada Mortgage and Housing Corporation loans/grant requests and other Provincial funding such as Canada-Ontario Community Housing Initiative.

The chart below details the funding request and the current funding sources available to Housing Providers at End of Mortgage:

Chart 1: Capital Needs, Funding Request and Sources at End of Mortgage

	2023-2032	Notes
Capital		
Building Condition Assessments (BCAs)	643,000,000	Based on 2016 BCAs
Subtotal- capital needs	**643,000,000**	**May vary based on updated BCAs**
Funding Sources		
Provider – Capital Reserves		Will vary depending on base and financial situation
Provider- Loan/refinancing		Depends if eligible and advisable
Provider Grant/COCHI		Depends if eligible and awarded
Annual Municipal Social Housing Capital Repairs and Regen 6730041000	7,319,000	Approval pending through annual Capital budget process. $7.319M is the cumulative projection of requests for 2023-2032
Levy Base Request in recommendation (c)	153,000,000	5.1M annual enhancement from 2024-2027, cumulative $51M. Ongoing base of $20.4M 2028-2032, cumulative $102M *See Note 1 below
City of Hamilton Contribution at ~25%	**160,319,000**	**~25% = 160,319,000/643,000,000**

Note 1

Year	2024	2025	2026	2027	2028	2029	2030	2031	2032	**Total**
Levy Increase	$5.1M	$5.1M	$5.1M	$5.1M	0	0	0	0	0	**$20.4M**
Levy Base	$5.1M	$10.2M	$15.3M	$20.4M	$20.4M	$20.4M	$20.4M	$20.4M	$20.4M	**$153M**

While legislation only requires Service Managers to fund rent-geared-to-income assistance and not capital repair costs, Service Managers are required to fund projects in a manner that ensures that the project can be sustained and is viable. Without sufficient funding from the municipality, the City of Hamilton risks losing more affordable housing within our geographical boundary.

End of Mortgage Workplan and Timelines

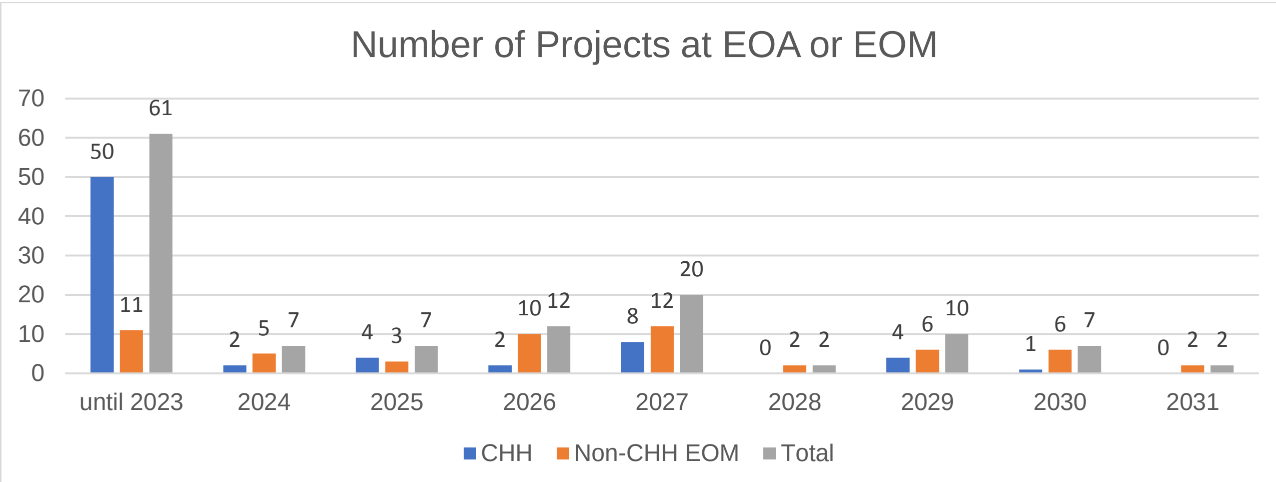
Housing Providers with City of Hamilton agreements that fund federal projects as provincial projects will have both their End of Mortgage and End of Agreement projects considered at the same time. This includes review of both End of Mortgage and End of Agreement projects for CityHousing Hamilton, Hamilton East Kiwanis and McGivney Homes. Due to our unique relationship with CityHousing Hamilton, this framework distinguishes CityHousing Hamilton projects from non-CityHousing Hamilton projects. Service Agreements negotiated in 2012 with CityHousing Hamilton outlined that *all* CityHousing Hamilton projects should be treated like provincial projects and funded to benchmark formulas. Moreover, City of Hamilton staff have been tasked with ensuring a sufficient budget for CityHousing Hamilton. CityHousing Hamilton has historically been underfunded resulting in deficits and not completing necessary maintenance and other repairs. Despite this separate approach, the principles underpinning our strategy will apply to all Housing Projects.

For non-CityHousing Hamilton projects, excluding Hamilton East Kiwanis and McGivney Homes where End of Agreement projects will be included, the initial focus will be on projects at End of Mortgage rather than projects at End of Agreement. This methodology excludes 13 non-CityHousing Hamilton multi-unit projects that have already reached End of Agreement and 244 single and scattered units from new negotiations. These 13 non-CityHousing Hamilton multi-unit projects are currently in receipt of rent supplements and have corresponding funding agreements in place. The 244 single and scattered units are either internally subsidized or have corresponding funding agreements in place. These federal projects will have their agreements revisited after the other agreements for the 738 projects are in place.

The bulk of multi-unit Housing Projects with End of Agreements have already expired, with currently only three End of Agreements remaining after 2023. These projects belong to CityHousing Hamilton and are set to expire between 2024 and 2026. These three projects account for 473 rent-geared-to-income units.

The graph below depicts multi-unit CityHousing Hamilton End of Mortgage and End of Agreement projects and non-CityHousing Hamilton End of Mortgage projects that require new agreements.

Graph 1: Multi-unit project breakdown CityHousing Hamilton End of Agreement & End of Mortgage and non-CityHousing Hamilton End of Mortgage by year



Up until the end of 2023, 61 multi-unit projects will reach End of Agreement or End of Mortgage (48%). All 46 of the projects reaching End of Agreement are part of CityHousing Hamilton's portfolio. The other fifteen projects are End of Mortgage, four of which are part of CityHousing Hamilton's portfolio while eleven are non-CityHousing Hamilton provincial projects. From 2024-2027, 46 projects will reach End of Agreement or End of Mortgage (36%) and from 2028-2031, 21 projects will reach End of Mortgage (16%).

New operating agreements can help the City of Hamilton retain 10,678 affordable and deeply affordable units within the social housing portfolio. Of these units, 10,068 units belong to multi-unit projects. The chart below shows the breakdown of these units by End of Agreement and End of Mortgage time range.

Chart 1: Number of Multi-Unit Projects at End of Agreement and End of Mortgage and associated number of Units by Timeframe

Timeframe	Number of Projects	Target RGI Units	Market Units	Total Number of Units
2020-2023	61	4934	846	5780
2024-2027	46	2291	567	2858
2028-2031	21	1058	372	1430
Total	128	8,283	1,785	10, 068

The focus in 2023 will be on establishing new operating agreements with the eleven non-CityHousing Hamilton provincial projects distributed among six different housing providers, that have or will reach End of Mortgage by the end of 2023. For Hamilton East Kiwanis and McGivney, End of Agreement projects will be considered at the same time. No timeline is specified by the legislation or the expiring agreements regarding the timeframe for establishing a new agreement. Housing projects listed under the Housing Services Act waiting on new operating contracts continue to follow the pre-existing legislative funding requirements.

A separate CityHousing Hamilton approach will commence in 2025. Pushing the CityHousing Hamilton projects back will ensure that the volume of projects requiring review is manageable within the given year and without the additional staffing support in place. This timing supports CityHousing Hamilton's request to delay review of their End of Agreement/End of Mortgage projects and allows for process revisions to occur should they be needed prior to entering into agreements for a larger number of properties at End of Agreement/End of Mortgage. For CityHousing Hamilton's End of Agreement and End of Mortgage projects, projects will continue to be funded to benchmarks as per the 2012 Service Agreement and legislative requirements. As CityHousing Hamilton is our largest portfolio holder and given the City's unique relationship with CityHousing Hamilton, a thorough review of CityHousing Hamilton will be conducted in 2024 to determine if the proposed methodology sufficiently addresses CityHousing Hamilton's needs.