REDEVELOPING SOCIAL HOUSING IN ONTARIO:

A Provincial Guide and Perspective

Ontario.ca/Mah

Ontario

TABLE OF CONTENTS

A. INTRODUCTION

This guide aims to be a straightforward "how to" on social housing redevelopment. Its primary audience is Service Managers and housing providers who may wish to consider redeveloping their social housing portfolio, and who may require a little bit of guidance or assistance. The Ministry of Municipal Affairs and Housing (MMAH) views this guide as the "building blocks" of social housing redevelopment that are from a provincial perspective. It is targeted to a diverse set of stakeholders who share many common issues but who also vary in terms of capacity and priorities.

With the *Housing Services Act, 2011* coming into force, Service Managers and social housing providers have new opportunities to redevelop their social housing stock. In light of changing roles and current social housing issues, it is the intent of MMAH that this guide will help inform the decision-making process regarding social housing redevelopment.

WHAT SHOULD I CONSIDER BEFORE REDEVELOPING?

If you are thinking about redeveloping social housing stock, there are a number of things to keep in mind. Do you have a very specific idea of what you want to do, and is your plan financially viable? For example:

- Will you replace or rebuild?
- Will you need to relocate tenants?
- How will your rent-geared-to-income (RGI) units be replaced?
- Are you able to refinance?

The *Social Housing Agreement* and the *Housing Services Act, 2011*, will also have an impact on your redevelopment. Below, we have briefly outlined the responsibilities of the various parties that may be involved in redevelopment ("who does what?"), and the importance of exercising your due diligence. Appendix A provides three recent case studies of redevelopment and refinancing of the social housing stock in Ontario.

1. How does this legislation impact me?

The *Housing Services Act, 2011* (HSA) replaced the *Social Housing Reform Act, 2000* (SHRA) in January 2012. The purpose of the HSA is to provide for community-based planning and delivery of housing and homelessness services with general provincial oversight and policy direction, and to provide flexibility for Service Managers and housing providers while retaining certain requirements. More specifically, the HSA clarifies the roles and responsibilities of Service Managers and increases flexibility and autonomy to Service Managers on social housing matters. Please refer to Appendix "B" for more information.

2. What is the Social Housing Agreement?

Most of Ontario's social housing units fall under the Social Housing Agreement (SHA). The SHA was signed by Canada and Ontario in 1999 and transferred administrative responsibility for social housing from the federal government to Ontario, with the exception of on-reserve aboriginal housing and federal cooperatives. The Ontario government in turn transferred responsibility for most social housing projects to municipal and DSSAB Service Managers, with the exception of Rural and Native Housing and dedicated supportive housing. Dedicated supportive housing is administered by the Ministry of Health and Long-Term Care and the Ministry of Community and Social Services. Please refer to Appendix "C" for more information about programs under the SHA.

3. Roles and Responsibilities

Federal

The federal government, through Canada Mortgage and Housing Corporation (CMHC), is responsible for funding existing federal and federal/provincial social housing projects, and providing *National Housing Act* (NHA) insurance.

Provincial

The provincial government plays a stewardship role on housing and homelessness issues. The Province facilitates the renewal of social housing mortgages for social housing providers, establishes provincial housing policies and legislation, administers affordable housing programs, approves Ministerial Consents (for sales and/or transfers), and is the conduit between CMHC and Service Managers.

Consolidated Municipal Service Managers (Municipal Service Managers) / District Social Service Administration Boards (DSSABs)

Service Managers are responsible for administering social housing, including maintaining Service Level Standards, delivering housing programs, creating and implementing housing and homelessness plans, and considering consents requested by social housing providers that fall under the *Housing Services Act, 2011*. Ontario's ten DSSABs deliver affordable and social housing in northern municipalities and townships without municipal organization. MMAH recognizes that DSSABs face some unique social housing issues that may require unique responses in order to redevelop, and MMAH is committed to working with DSSABs further on these issues.

Social Housing Providers

Social housing providers are responsible for maintaining their housing assets and ensuring that their tenants live in affordable, adequate, and suitable housing. They work closely with their respective

Service Managers and may be interested in long-term strategic asset management that takes into account financial viability, capital and operating costs, tenant management, and other opportunities or constraints.

4. Exercise Your Due Diligence

To ensure a successful outcome, a housing provider or Service Manager contemplating redevelopment must do their due diligence. For example:

- Does your project plan make financial sense? Your redevelopment plan should be an improvement over your current situation.
- Will your project be financially viable and be supported by a lender?
- What is your current and anticipated cash flow?
- What is your capacity over both the short and long-terms to carry your mortgage payments?
- Are you able to budget for the front-end costs of your project? This can include significant fees for retaining professional services from consultants, architects, environmental engineers, lawyers, lenders, and others.

Another item to consider is that of potential "provincial housing costs" as per the *Housing Services Act, 2011*. The Province has an obligation to reimburse CMHC for any losses it incurs through a social housing mortgage default. If this occurred, the Province has the ability, through the legislation, to recoup these housing costs in the event of a default from the Service Manager. We note that there has not been a social housing mortgage default in Ontario since the mid-1980s.

Financing

Some lenders are familiar with the social housing stock and its stakeholders, and are therefore more knowledgeable about opportunities and challenges associated with the social housing sector. MMAH is prepared to act as a facilitator to ensure all the various partners in the refinancing process are engaged. Mortgage renewal staff at MMAH can also provide technical advice and support. We suggest that providers regularly explore new or alternative financing options. Please refer to Appendix "G".

Asset Management

An emerging issue is the age of Ontario's social housing stock, particularly the physical condition of older public housing projects. Asset management is an important component of any social housing project. Please refer to Appendix "D" for more information.

B. I'M READY TO REDEVELOP. WHAT'S NEXT?

If you are a social housing provider ready to redevelop, it is critical that you consult with your Service Manager regularly. Not only do Service Managers have authority for administering social housing, but they also have been given new flexibility and authority through the *Housing Services Act, 2011*. We recommend that housing providers involve their Service Manager very early on in the development and planning process, and continue to engage in discussions over the entire span of the project.

1. Should I stay or should I go?

With your Service Manager's support, every provider with units that fall under the SHA can choose to remain within the SHA and continue to provide social housing, or can request to be removed from the SHA and the *Housing Services Act, 2011*. If you stay, then the subsidies may continue until any applicable operating agreement expires, or, for some programs, may continue under the *Housing Services Act, 2011*. If you are permitted to opt out, the subsidies may cease but you will gain greater flexibility. Keep in mind that some projects, particularly older public housing projects, may have difficulty operating without subsidy. To mitigate your risk, we encourage providers to do their due diligence, consider CMHC's credit assessment and underwriting processes, and work with their Service Manager to develop a plan. In considering the plan, the Service Manager would also do their due diligence before making a decision.

What is a 9(d) Waiver?

Section 9(d) of the SHA pertains to the Province indemnifying CMHC for all losses related to a social housing mortgage. A 9(d) waiver from CMHC waives the Province's obligation to indemnify CMHC. As a housing provider, you must submit your request for a 9(d) waiver to your Service Manager for approval. If your Service Manager supports your request, they will forward it to MMAH on your behalf. MMAH in turn may request CMHC to take your project out of the SHA and obtain a 9(d) waiver if your mortgage has been paid out.

It is possible to ask CMHC to support a temporary waiver and remove a project from the SHA if the project is undergoing significant regeneration. CMHC has previously granted this to a social housing project undergoing regeneration. Please refer to Appendix "E" for more information.

2. Do I Need Consent?

A Ministerial consent is a decision made by the Minister of Municipal Affairs and Housing to permit a housing provider to do certain things. Depending on your redevelopment plan, different parties will be involved. For example, if you plan to sell or transfer social housing units, you **will** generally require Ministerial Consent. If you plan to add new units to an existing project, but not sell or transfer any units, you **will not** require Ministerial Consent; however, you may require your Service Manager's consent if you are refinancing or if you are redeveloping public housing.

The replacement of the *Social Housing Reform Act, 2000* with the *Housing Services Act, 2011* has resulted in much of the responsibility for consents being transferred from the Ontario government to Service Managers. Please refer to Appendix "F" for more information.

3. How will I finance my redevelopment project?

There are many different options that you could pursue; however, we recommend that you consider the following steps:

(i) Please talk to your Service Manager. We encourage you to initiate discussions with your Service Manager and local lenders very early in the process – upwards of 6-8 months before your mortgage is up for renewal. Please refer to Table 2 in Appendix "C".

(ii) If you have a project funded or insured by CMHC, your Service Manager should contact MMAH on your behalf, who will seek CMHC approval for any refinancing or changes to your first mortgage that would impact CMHC.

(iii) If your current mortgage is in a mortgage-backed securities (MBS) pool, you will have to wait until the end of term before you can make any changes. Projects that are part of an MBS capital pool are more limited in terms of refinancing options as additional encumbrances like second mortgages may result in removal of the project from the MBS financing and the beneficial rates provided through the MBS financing will be lost. Furthermore, you will likely have to pay penalties if you decide to discharge your existing balance.

Under the *Housing Service Act, 2011*, Service Managers now have the flexibility to consent to mortgage renewal decisions that are locally appropriate. However, if the SM chooses to permit a mortgage to be renewed outside the provincially administered mortgage-backed securities (MBS) pool, the Service Manager needs to be aware they are responsible for any related costs, including any increased housing subsidy or provincial housing costs incurred relating to mortgage default.

4. How can I increase the viability of my public housing projects?

The Province has a continued interest in ensuring that Service Managers maintain service level standards. Please keep this in mind if you decide to add market rent units to projects with high numbers of rent-geared-to-income units. Please also bear in mind that the public housing program rules under the *Housing Services Act, 2011* require the Service Manager to ensure that "as many units as possible" in each public housing project are rent-geared-to-income units. Nevertheless, the financial and social viability of the community will be important factors in assessing the appropriateness of adding market rental units to an existing public housing project. Any proposed transfer or sale of public housing units or lands must be approved by the Minister of Municipal Affairs and Housing through Ministerial Consent.

What about the "10% clause"?

Service Managers have asked about the "10% clause". This clause applies only to projects governed by Part VII of the HSA (projects under provincial and federal/provincial programs) and does not apply to public housing. In Part VII projects, the number of non-RGI units cannot be adjusted by the Service Manager by more than 10% unless the housing provider agrees. For public housing, please refer to Schedule 5 of O. Reg 367/11 of the HSA, "Rules and Criteria for Transferred Housing Programs and Projects (Section 86)".

If Service Managers wish to pursue regeneration in public housing projects that involve the sale or transfer of social housing, an application to MMAH for Ministerial consent should include a business case that clearly provides the rationale for the sale and replacement of the units. For example, Regent Park is one of the oldest and largest public housing developments in Canada. Over the course of a 15-year redevelopment period, 2,083 RGI units will be replaced with over 3,000 units. On site, approximately 1,583 of those units will be RGI, with the balance comprised of market-priced condominiums, affordable rental, and affordable homeownership units. The remaining 500 RGI units not replaced at Regent Park will be replaced at a different site within the east downtown area (Source: Toronto Community Housing Corporation, "Regent Park Revitalization", March 27, 2012).

5. Talking to Municipal Officials

There will be many land use planning issues to address if you are considering redevelopment. To ensure your project plans run as smoothly as possible, we recommend that you liaise frequently with your local planning and building departments on planning and site development matters throughout the lifecycle of your project, particularly at the beginning. This will help you avoid any hurdles or other complications that may arise. Some specific examples include current zoning status and future zoning requirements, building permits, rental housing protection policies (if applicable), heritage implications, and parking requirements.

Housing providers should also check with their respective municipal colleagues to determine any applicable housing policies that may affect any planning approvals, such as the Provincial Policy Statement, which promotes a range of dwelling options. Most municipalities will have Official Plans that will provide guidance on proposed uses in appropriate locations and other matters such as lot division, height, and density. In a given jurisdiction, official plans provide policies on how land may be used, and these policies are implemented through zoning bylaws which may also set standards on how buildings are laid out on a site.

Be sure to check with your municipality's public works department about adequate servicing if you intend on changing the use of a site. Do your due diligence with the current availability of sewer and water and future extensions, if appropriate. It is worth the time to speak to your municipal representative about the availability of transportation infrastructure (e.g., local transit opportunities).

You are encouraged to check with your local government officials for fee exemptions, such as development charges exemptions; or, for incentive programs, such as Community Improvement Plan incentives which might relate to downtown housing, or brownfield redevelopment programs. These may save you some significant dollars and are used by a growing number of municipalities to help promote affordable housing.

Finally, you may wish to consider forming partnerships with other organizations whose capabilities complement your own skills and experience. Regarding the potential for NIMBYism, which is a concern for social housing providers, keep in mind that high-quality urban design, materials and landscaping may go a long way in alleviating community concerns. Engaging and communicating with your local community is also an important element when addressing NIMBYism. We encourage you to work with your municipal planners on local urban design, site plan, and parking guidelines, so that you will be better placed to meet potential opposition to your proposals.

6. Service Level Standards

Under the *Housing Services Act, 2011*, service level standards refer to the minimum number of RGI units and modified units in Service Manager areas. They are based on the number of RGI units and modified units that were transferred from the Ontario government to Service Managers. Service Managers are required to maintain their service level standards as set by regulation. Notwithstanding the transfer of social housing responsibility, the Province has a continued interest in ensuring service level standards. Therefore, the loss of RGI or modified social housing units in a particular project must be provided elsewhere within the Service Manager area.

With respect to federal unilateral projects, the Province continues to engage the federal government on a long-term funding commitment for housing, because these operating agreements have begun to expire. The projects represent an important piece of the affordable housing stock in any community, and we urge Service Managers to continue to work with these housing providers in order to sustain this stock.

7. What if I think my site might be contaminated?

If you are a private housing provider and your land was not formerly owned by the Ontario Housing Corporation, you will need to conduct your own due diligence with respect to environmental remediation.

If you have land previously owned by the Ontario Housing Corporation and you believe you may have some environmental contamination within your public housing portfolio, please notify MMAH and the Ministry of the Environment as soon as possible. As a former owner of the lands, Ontario Housing Corporation (now the Ontario Mortgage and Housing Corporation), could have potential liability for any environmental contamination identified on public housing properties transferred by the Ontario Housing Corporation to Local Housing Corporations/Service Managers. The Service Manager/Local Housing Corporation, as a current owner, may also have potential liability. Ontario Mortgage and Housing Corporation will assess each submission on a case-by-case basis.

C. NEXT STEPS

MMAH staff are here to help. Please don't hesitate to contact us if you feel we can be of assistance. As a first step, please contact:

Director, Housing Funding and Risk Management Branch
Housing Division, Ministry of Municipal Affairs and Housing
777 Bay Street, 2nd floor, Toronto ON M5G 2E5

Phone: (416) 585-7675

Keith.Extance@ontario.ca, Erich.Freiler@ontario.ca, or Erin.Mifflin@ontario.ca

We are committed to working with our partners in order to ensure that our social housing stock remains viable and continues to meet affordable housing needs for Ontarians now and in future.

APPENDICES

LIST OF TABLES

APPENDIX A – CASE STUDIES

As refinancing can be complicated, we hope these case studies will be helpful in showing how social housing projects could be refinanced and/or redeveloped. As always, each situation is different and the financial viability of your project will dictate what refinancing arrangements are possible.

Example #1 – Mortgage Refinancing and Extension of Service Manager Subsidies

Ottawa Community Housing Corporation (OCHC) is an arm's length corporation owned by the City of Ottawa, and the City is the sole shareholder of OCHC. OCHC conducted a building condition assessment (BCA) of its portfolio and identified $211 million in capital repairs that were overdue and a further $121 million in repairs that would be required over the next five years. The BCA estimated that if OCHC invested about $66.5 million each year for five years, the repair backlog for the entire portfolio would be reduced.

As part of many strategies to respond to the backlog, OCHC applied for a loan in the amount of $38 million from Infrastructure Ontario (IO) to refinance eight social housing project mortgages that were all up for renewal in 2012. The existing mortgages have remaining amortization periods ranging from 33 months to 15 years. They are being paid out on their renewal dates and replaced with a new 30-year mortgage arranged through IO. There were no mortgage prepayment penalties incurred because they were done at the time of renewal. MMAH will continue to provide federal funding to the City based on existing agreements until the end of the original maturation date of each Canada Mortgage and Housing Corporation (CMHC) loan.

The intent is to leverage the equity in existing assets in order to pay for capital repairs. This can be accomplished by extending the amortization period to 30 years at a fixed interest rate. The debt payments are maintained at the current level, while $16 – $18 million in capital can be generated.

The City will continue to pay the operating subsidies to OCHC for 30 years. The refinancing proposal was approved by City Council, with the City extending the mortgage subsidies for the eight projects until the end of 2042 when the new loan will be fully repaid.

The new loan will be used to pay out the existing mortgages on the eight social housing properties, which total approximately $18 million. The approximate balance of $16 – $18 million will be used for capital repairs and are not limited to the properties being re-financed. The annual repayment amount will be $2.09 million for an amortization of 30 years based on a fixed rate of between 3.75% and 4.2%, which is lower than the current rates being paid. The monthly payments for the new loan remain the same as what the City contributes to the mortgages. To meet IO's security requirement, the City has agreed to commit to the current level of mortgage subsidy to 2042 and pay directly to IO.

With this initiative, the City of Ottawa has made a long-term commitment to social housing and along with OCHC has adopted an innovative approach to address capital repair shortfalls. The City of Ottawa has not increased its debt load; rather, the City will subtract OCHC's monthly mortgage payments from OCHC's subsidy. This arrangement was made possible in part due to the unique relationship that exists between the City of Ottawa and OCHC, and likely would be applicable only in similar situations where interest rates are favourable. Going forward, future mortgage renewable opportunities will be considered on a case-by-case basis.

Example #2 – Financing Capital Repairs

This example is another illustration of a Service Manager taking a leadership role in sustaining and maintaining its local social housing stock. The Region of York currently owns or administers over 5,900 social housing units operated by non-profit, co-operative, and municipal organizations. In order to address capital reserve fund shortfalls with some of its housing providers, Regional Council has approved a program that will provide:

- An additional loan to a maximum of $500,000 that is unsecured, non-interest bearing and repayable to the Region based on a portion of the provider's annual surplus; and/or
- Secured loans over $500,000 that are interest bearing. Payments are deferred until the first mortgage has been discharged. The provider's program obligations are extended until the regional loan and interest are repaid in full.

To participate in the program, housing providers must:

- Prepare capital plans for the Region;
- Use their capital reserves only for regional-approved expenditures; and,
- Ensure their building repair practices meet regional standards.

York Region did this so as not to jeopardize the first mortgager's ability to stay within the MBS pool. The assistance is registered on title as a "non-performing" second mortgage.

Example #3 – Transferring to a Service Manager, Demolition and Rebuild

A privately-owned non-profit housing corporation operated a 55-unit townhouse complex that was a social housing project. The corporation's board of directors resolved to dissolve the corporation and transfer their assets to another organization. The provider had little reserves to handle a growing mould problem along with other significant capital repairs. The complexities of the project meant it was unlikely that another organization would wish to acquire the project.

The Service Manager did not want to lose the housing stock, so Niagara Regional Housing (NRH) created a redevelopment plan, which included a transfer to NRH. (Note: Niagara Regional Housing is the administrator of affordable and social housing for Niagara Region. Due to the condition of the existing units and to better utilize the site, the plan involved demolishing and replacing the 55 units and then constructing three additional RGI units. NRH's plan incorporated several key components:

- The project had to be self-sustaining so as not to add to the taxpayers' burden;
- Incorporating energy-saving technologies to reduce operating costs; and,
- Maximizing other funding sources and incentives including the Social Housing Retrofit and Repair Program (SHRRP), the Renewable Energy Initiative (REI), energy rebates, etc.

Phase 1 involved constructing 36 units. As the units were completed, existing tenants were transferred into the new units. Phase 2 involved the construction of 22 units. Once the remaining tenants were transferred, the former units were demolished. NRH worked with each household to ensure that all were relocated to satisfactory accommodation.

As the intent was to transfer the units, NRH applied to MMAH for Ministerial Consent in order to transfer ownership of the project from the privately-owned non-profit corporation to them.

Ministerial Consent was granted to the Service Manager to:

(i) transfer ownership from the private corporation to the Local Housing Corporation (LHC); and,

(ii) to pay out the existing Section 95 CMHC direct loan.

In order to obtain financing, the lender required that NRH first pay off the existing mortgage. CMHC direct lending does not allow for prepayment without penalty (equal to "lost interest") except at the time of renewal; however, CMHC does permit a mortgagee to pay out their mortgage if they have MMAH approval. MMAH did request that CMHC allow the payout of the mortgage that is closed to prepayment. CMHC required that NRH pay the prepayment penalty on the mortgage, which had an original maturity date on February 1, 2017. The principal and interest of the existing loan was $704,336.69. The penalty is calculated on interest slippage charges from the date of payment to the end of the mortgage term (interest fees on the remaining value of the mortgage principal that would have otherwise been paid to CMHC). The prepayment penalty was $78,604.96, and there was a discharge fee of $85 and an electronic registration fee of $71.30. NRH also agreed to pay Land Transfer Taxes owing in relation to the transaction.

The new lender then issued a non-NHA insured mortgage to the LHC in the amount of $4.5 million amortized over 30 years. The loan did not require NHA insurance because Niagara Region, as the Service Manager, provided a guarantee on the loan. NRH provided MMAH with copies of the mortgage discharge documents so that the property could be removed from Section 9(d) of the *Social Housing Agreement*.

APPENDIX B – *THE HOUSING SERVICES ACT, 2011*

The *Housing Services Act, 2011* (HSA) replaced the *Social Housing Reform Act, 2000* (SHRA) in January 2012. The HSA was designed to clarify the roles and responsibilities of Service Managers by reducing administrative burdens and increase flexibility to Service Managers when administering social housing. In general, the purpose of the HSA is to provide for community-based planning and delivery of housing and homelessness services with broad provincial oversight and policy direction, and to provide flexibility for Service Managers and housing providers while retaining certain requirements. The information listed below gives key changes in the HSA for Service Managers and housing providers within the context of social housing redevelopment.

Service Managers

Local Housing and Homelessness Plans

- Service Managers are required to develop local housing and homelessness plans by January 1, 2014.
- The period covered by the plan must extend for at least 10 years after the plan was approved or, if the plan is reviewed under subsection 10 (1) of the *Housing Services Act, 2011*, after the review was completed.
- Plans must address the local housing needs, including specific attention to the needs of victims of domestic violence and people with disabilities, and must be consistent with the Ontario Housing Policy Statement.
- Before approving its housing and homelessness plan, a service manager shall consult with the Minister by providing the Minister with a copy of the proposed plan and allowing at least 90 days for the Minister to comment.
- At least once every 5 years, a service manager shall review its housing and homelessness plan and amend it as the service manager considers necessary or advisable.

Local Housing Corporations

- LHCs are required to submit a capital plan to their Service Manager at the times specified by the Service Manager.

Ministerial Consents

- Service Managers now have authority for many Consent approvals. Ministerial Consents still apply to the proposed sale or transfer of social housing projects, corporate changes to LHCs (unless prescribed requirements are met), and the opt out by LHCs from the Housing Services Corporation's programs for the bulk purchasing of utilities and insurance.

Triggering Events & Remedies

- These apply to Part VII projects from the *Housing Services Act, 2011*.

- Changes were made to create a more balanced framework for Service Managers to address housing provider operational and financial difficulties. New and revised remedies encourage cooperative issue resolution between Service Managers and providers.

Housing Providers

Local Housing and Homelessness Plans

- Housing providers now have a voice in the development of effective community-based housing solutions.

- The Ontario Housing Policy Statement notes: Service Managers will ensure that their housing and homelessness plans reflect the active engagement of non-profit housing corporations and non-profit housing cooperatives.

Rules for Transferred Housing Providers (applies to Part VII projects – sometimes referred to as "provincial reformed").

- Service Managers may establish rules related to administration in a number of areas, including:
    - conflict of interest
    - minimum number of board meetings
    - compensation of directors
    - property management
    - procurement of contracts
    - leases
    - multi-year financial plans (a new requirement)

Triggering Events & Remedies (applies to Part VII projects)

- In situations where housing providers may be facing operational problems, the new legislation provides a fair process between Service Managers and housing providers to help develop collaborative solutions.
- New rules improve communication between Service Managers and housing providers, enable housing providers to develop their own solutions, and ensure that housing providers have a fair opportunity to provide input before a Service Manager makes a decision about using a remedy.

Ministerial Consents

- Providers work directly with their Service Manager which means decisions are made more efficiently and local delivery is enhanced. For example, if a provider wants to install an elevator, they no longer have to go through the lengthy process of seeking a provincial approval.

Table 1: *Social Housing Reform Act, 2000* vs. *Housing Services Act, 2011*

Issue	SHRA (previous)	HSA (current)
Purpose of Legislation	Set out social housing provisions, but did not include housing and homelessness services.	Includes housing and homelessness services.
Role of Service Manager	Administration of affordable housing and homelessness programs not explicitly set out in the legislation.	Explicitly states that Service Managers (SMs) are responsible for administering and funding programs/services related to housing and homelessness and developing/implementing local housing and homelessness plans.
Service Manager Reporting	SMs required to report on the funding and administration of transferred housing programs.	In addition to the continued reporting on the administration and funding of its transferred housing programs, SMs will be required to report to the Minister on the implementation of local housing and homelessness plans.
Local Housing and Homelessness Plans	No provincial requirement for local housing and homelessness plans.	Requires SMs to develop local housing and homelessness plans by January 1, 2014; Housing and homelessness plans reviewed by MMAH but approved by the SM.
Triggering Events & Remedies	Set out a series of triggering events whereby a SM can take action through a remedy.	Changes were made to create a more balanced framework for SMs to address housing provider operational and financial difficulties. New and revised remedies encourage cooperative issue resolution between SMs and providers.

Issue	SHRA (previous)	HSA (current)
Ministerial Consents / Risk Management	Ministerial Consent required for certain actions by SMs, Local Housing Corporations, non-profit and cooperative corporations.	SMs now have authority for many Consent approvals; exceptions are the proposed sale or transfer of social housing projects, corporate changes to LHCs (unless prescribed requirements are met), and allowing LHCs to opt out of the Housing Services Corporation's programs for the bulk purchasing of natural gas and insurance.
Duties of Housing Providers	Set out duties of housing providers related to corporate structure, compliance, and participation in programs.	New duties including a requirement to report prescribed information/data to SMs and maintain projects in a satisfactory state of repair.
Rules Governing Housing Providers whose Operating Agreements were Terminated under SHRA	Set out housing provider corporate requirements, rules, record-keeping and reporting requirements. Set out the powers of Service Manager appointed receivers.	Corporate requirements were updated to reflect the Not-for-Profit Corporations Act, 2010, when it comes into force. Service Manager-appointed receivers do not have the power to sell housing projects. Service Managers can now set rules regarding director conflicts of interest, minimum number of board meetings, director remuneration, property management contracts, leases, and capital plans.
Local Housing Corporations	Defined the role of the Local Housing Corporations and their relationship with SMs.	Requires LHCs to submit capital plans to the SM.
Provincial Housing Costs	Dealt with the payment of federal funding from the Minister to SMs and allowed the Province to recover certain costs from SMs in relation to social housing	Legislation clarified the Province's ability to recoup costs for claims related to mortgage defaults; The Minister can withhold federal funding to allow for the recovery of provincial "housing costs".
Consents for the Transfer or Mortgage of Social Housing Projects and Land	Set out certain exemptions to consent requirements	Legislation clarified the Province's ability to recoup costs for claims related to mortgage defaults; The Minister can withhold federal funding to allow for the recovery of provincial "housing costs"

APPENDIX C – *THE SOCIAL HOUSING AGREEMENT*

The majority of Ontario's social housing units fall under the *Social Housing Agreement* (SHA). There have been no changes to the SHA as a result of the Housing Services Act, 2011 replacing the *Social Housing Reform Act, 2000*.

The SHA was signed by Canada and Ontario in 1999. This agreement transferred administrative responsibility for social housing from the federal government to Ontario, with the exception of on-reserve aboriginal housing and housing built under the federal cooperative program.

The SHA between the federal government as represented by CMHC and Ontario (as represented by the Ministry of Municipal Affairs and Housing) replaced most of the existing administrative agreements between CMHC and Ontario related to social housing. The main details of the SHA included:

- CMHC transferred management and administration of its portfolio of federal unilateral social housing stock to Ontario, with the exception of federal co-operatives.
- Ontario assumed a trustee role for itself and CMHC and all of CMHC's ownership interest in the portfolio.
- Ontario received all CMHC funding for the portfolio subject to Ontario remaining in compliance with the agreement.

The SHA is comprised of a number of legacy housing programs, listed in Table 2 below. It is important to remember that not all of the programs in the SHA are rent-geared-to-income, such as the Limited Dividend program, which offers lower-end-of-market rents.

Table 2: *Social Housing Agreement* – Program Streams

Programs	Program Objectives
Public Housing Program (NHA Sections 79 and 95)	To provide adequate publicly owned rental housing accommodation for individuals and families of low income within their financial capacities.
Rent Supplement Program (NHA Section 95)	To assist low-income individuals, families and senior citizens to obtain affordable, adequate and suitable housing accommodation in private and non-profit rental housing projects and not-for-profit continuing co-operative housing projects.
Limited Dividend "Entrepreneur" Program (NHA Section 25)	To provide appropriate and economical rental housing accommodation for families and individuals of low income and for disadvantaged persons.
Non-Profit "Low Rental" Housing Program (NHA Section 25)	To provide appropriate and economical rental housing accommodation for families and individuals of low income and for disadvantaged persons.
Non-Profit "2% Write-Down" Housing Program (NHA Section 95)	To provide modest, affordable rental housing appropriate to the needs of low and moderate-income families and individuals through public and private non-profit corporations.
Non-Profit "Full Assistance" Housing Program (NHA Section 95)	To provide modest rental housing for persons of low and moderate income through public and private non-profit housing corporations (including continuing co-operatives), with emphasis on assisting households in need.
Non-Profit and Urban Native "Fully Targeted" Housing Program (NHA Section 95)	To assist households (or Native households) in need to obtain affordable, adequate, and suitable rental housing.
Urban Native "2% Write-Down and Additional Assistance" Program (NHA Section 95)	To provide modest, affordable housing appropriate to the needs of low and moderate-income Native families and individuals through urban Native non-profit housing corporations.
Rural and Native Homeownership Program (NHA Sections 57, 79 and 92)	To assist Native and non-Native households in need in rural areas to acquire new and existing, affordable, adequate and suitable housing.
Rural and Native Rental Housing Program (NHA Sections 57, 79, 92, and 95)	To assist Native and non-Native households in need in rural areas to access affordable, adequate and suitable rental housing.

Source: Schedule C, *Social Housing Agreement (1999)*

The SHA also permitted the Province to transfer administrative responsibility for social housing to municipalities. Through SHRA, the Province did transfer responsibility for most social housing projects to the municipalities, except Rural and Native Housing and dedicated Supportive Housing. Dedicated supportive housing is administered by the Ministry of Health and Long-Term Care and the Ministry of Community and Social Services.

Ontario may remove programs from the portfolio and may add other programs to the portfolio provided that the added programs comply with the principles of the agreement and have CMHC's prior agreement.

Where certain projects are removed from the portfolio, primarily projects developed under Section 79 of the NHA (as it applies to Rural and Native Housing and to Public Housing), Ontario is required to pay CMHC its net share of capital gain. This would not apply to projects with an expired operating agreement. On occasion, CMHC has waived this requirement where projects have been removed from the portfolio for the purposes of redevelopment and an equivalent number of new units will be added to the portfolio.

As mentioned above, the SHA permitted the federal government to transfer its administrative responsibility for housing stock and programs to Ontario. This included a decreasing federal block funding transfer until 2033 when the value is zero, which generally correlates to the expiry of operating agreements and mortgages. The Province continues to encourage the federal government to provide long-term funding for housing.

Once the mortgage has matured and any operating agreement has expired, social housing projects may be taken "out" of the SHA and MMAH may obtain from CMHC a "9(d) waiver", which refers to Section 9 of the SHA – "CMHC Loans and Loan Insurance". More specifically, 9(d) states that Ontario shall indemnify and reimburse CMHC for losses, costs, and expenses relating to the social housing mortgages. Obtaining a 9(d) waiver on a property means CMHC will waive the 9(d) clause for Ontario, i.e., not seek payment on mortgage default, provided that the property has no outstanding loans, the SHA loan has been paid off, and the property will continue to operate outside the SHA portfolio.

When considering mortgage financing of SHA projects, a general rule is that if you are considering a change, you should time it with your renewal. Table 3 below gives a general description of mortgage financing for SHA programs; please keep in mind that each SHA mortgage and project is different and you should verify the specific requirements for your particular circumstance.

Table 3: General Characteristics of Mortgage/Debenture Financing for Programs funded under the *Social Housing Agreement*

Program	Debenture/ Mortgage	Flexibility to Refinance	Restrictions	Comments
Public Housing	CMHC or Provincial 50-year debentures; not on title Some secured by first mortgage	May add a first mortgage to debenture projects	Debentures are closed; no prepayment provisions	Adding a first mortgage is possible if there is sufficient equity and cash flow in the project. Local housing corporations are the responsibility of SMs and such SMs will be involved with potential refinancing efforts.
Limited Dividend (LD)	CMHC Mortgage Loan Program	Some flexibility	Some prepayment permitted	
Section 26	CMHC Mortgage Loan Program	Some flexibility on S. 26	Some prepayment permitted, but with a penalty of 3 months' interest	If there is sufficient equity and the new interest rate is favourable, the penalties may not be an obstacle.
Section 27	CMHC Mortgage Loan Program	Less flexibility than LD or S.26	No prepayment permitted; closed 50-year mortgages	Prepayment is subject to return of unearned capital contribution and net interest slippage charges from the date of payment to full maturation.
Section 95 Private Non-Profit	Mortgages renewed to maturity	Some flexibility at mortgage renewal	Some mortgages are CMHC direct lending; others are in the MBS capital pool – no prepayment permitted but can be refinanced at renewal.	Despite restrictions, there are options to refinance. The impact of interest rates must be determined, as well as costs to existing balances.

Program	Debenture/ Mortgage	Flexibility to Refinance	Restrictions	Comments
			Any outstanding principal must be paid out and the mortgage may not qualify for re-entry to the MBS pool.	Once out of the SHA, federal subsidies will cease.
Section 95 Municipal Non-Profit	As above	As above	As above	As above
Provincial Reformed	As above	As above	As above	As above
Urban Native pre-1986	CMHC Mortgage Loan Program (maximum 35 years)	Some flexibility at renewal		Once mortgages mature or are at renewal, there is an opportunity to refinance.
Urban Native post-1985 (non-profits & co-ops)	As above	As above		As above

APPENDIX D – ASSESSING YOUR REAL ESTATE

Ontario's social housing providers span the province's 47 Service Manager areas, and vary in size, age, capacity, and fiscal pressures. Some providers may wish to redevelop or regenerate their stock through alternative financing mechanisms, capital repairs, and/or regeneration. It is important, then, to assess the value and viability of your real estate.

Asset Management

The age of Ontario's social housing stock is an emerging issue in terms of physical condition, particularly in older public housing projects. One of the many strengths of an asset management plan is that it allows providers to consider different scenarios of how to enhance viable housing stock and manage the decline of stock that may not be viable over the medium and long-term. This may range from small-scale capital repairs through to regeneration and/or redevelopment of properties. The Asset Management Centre has published a resource entitled, "Fundamental Resources for Asset Management Excellence" (FRAME), which is an excellent source of information for Service Managers and housing providers. FRAME covers a range of topics, including a wide array of maintenance issues, capital repairs, and strategic asset management.

In 2009, the province made changes to the Financial Information Return (FIR) that municipalities submit to the province annually. Municipalities must comply with Public Sector Accounting Board (PSAB) practices and utilize a full accrual basis of accounting to identify their assets and how they are amortized. Municipalities will be better positioned to practice asset management and/or long-term financial planning with their social housing assets. Fifty-five percent of all social housing in the province is owned directly by municipalities or through municipally-owned housing corporations. These municipal assets have significant real estate value. The new FIR will require municipalities to obtain information about the existing social housing stock, the cost of its use, and the need for its replacement.

As well, *Building Together*, Ontario's long-term infrastructure plan, will guide infrastructure planning and investment decisions in Ontario for the next decade. One component of the plan focuses on "Social and Community", of which on priority is working with other governments to deliver affordable housing, strengthen supports for people affected by poverty, and improve access to high-quality social services in communities.

APPENDIX E – 9(D) WAIVERS, 10% CLAUSE, AND SERVICE LEVEL STANDARDS

These items are touched upon in the guide briefly and are explained in greater detail below.

9(d) Waivers

Section 9(d) is a section of the SHA, which pertains to the Province indemnifying CMHC for all losses against a social housing mortgage. A Service Manager who has decided to permit the refinancing of a project under the SHA may ask MMAH to request a waiver from CMHC of section 9(d). CMHC will provide a permanent 9(d) waiver to SHA projects that have paid out their mortgages and are out of the SHA. CMHC has also previously provided temporary 9(d) waivers to social housing projects undergoing major regeneration.

Under the *Social Housing Reform Act, 2000*, the Province required Service Managers to apply for Ministerial consent before any changes were made to financing of any project in the portfolio or redevelopment of public housing. This was due, in part, to the provincial concern regarding Section 9(d) of the SHA which affects the provincial contingent liability. The concern was partly that Section 9 (d) could be interpreted to be in effect and applicable even **after** the mortgage of a property has been retired or its operating agreement has expired. That implies that the Province may still be liable for any future National Housing Act mortgages on the land.

The *Housing Services Act, 2011* clarifies the Government of Ontario's ability to recoup provincial housing costs in the event of a default of a social housing project mortgage and other costs incurred by the Minister to administer and pay expenses relating to social housing programs. To date, the Province has not needed to recoup any monies as there have been no social housing mortgage defaults since the mid-1980's.

10% Clause

Service Managers have asked about the "10% clause". This refers to a clause in the *Housing Services Act, 2011* (HSA) that applies only to projects governed by Part VII of the HSA (sometimes known as "provincial reformed" projects). In these projects, the Service Manager cannot adjust the number of non-RGI units by more than 10% unless the housing provider agrees. For public housing, Schedule 5 of O. Reg 367/11 of the HSA, "Rules and Criteria for Transferred Housing Programs and Projects (Section 86)" states that:

1. The service manager shall provide adequate publicly owned rental housing accommodation for low-income households.

2. The service manager shall ensure that **as many units as possible** in each housing project are rent-geared-to-income (RGI) units.
3. The annual income of a household, at the time of its selection to reside in a rent-geared-to-income unit, shall not exceed the applicable household income limit.

Therefore, if SMs wish to pursue regeneration in public housing projects that involve the sale or transfer of social housing, an application to the MMAH for Ministerial Consent should include a business case that clearly provides the rationale for the sale and replacement of the units.

Service Level Standards

Service level standards refer to the minimum number of RGI units and modified units in Service Manager areas, which are based on the number of RGI units and modified units that were transferred from the Province to Service Managers. Service level standards were established as part of the broader context of Local Services Realignment and the shifting of fiscal responsibilities between the Province and Municipalities. As such, the Province expects that SMs will maintain these minimum levels of RGI units.

The Province has a continued interest in ensuring a minimum level of affordable and social housing services. The Province will continue to monitor how this public asset is used now and in future as redevelopment occurs. From a legal perspective, the Province agreed to specific undertakings with regard to social housing in the *Social Housing Agreement* with the federal government, and will work with Service Managers and housing providers to ensure that all legal and financial obligations continue to be met, as well as the obligations under the *Housing Services Act, 2011*.

APPENDIX F – MINISTERIAL CONSENTS

A Ministerial Consent is a decision made by the Minister of Municipal Affairs and Housing to permit housing providers and/or a Service Manager to do certain things. The replacement of the *Social Housing Reform Act, 2000* with the *Housing Services Act, 2011* has resulted in significant changes. Much of the responsibility of consents has been transferred from the Province to Service Managers, to ensure that Service Managers, who are closest to and most knowledgeable about their communities' social housing needs, have the authority to make decisions accordingly.

Service Managers no longer require Ministerial consent to establish a system for the renewal or replacement of existing mortgages. As well, Service Managers can provide consent to housing providers to mortgage or encumber their housing projects and, for public housing, to develop or redevelop their real property. A requirement for these Service Manager consents is that the Service Managers must notify the Ministry within 10 days of such a decision.

Service Managers no longer require Ministerial Consent in several other areas, which include the ability of a Service Manager to:

- Alter the mandate of a provincial or federal/provincial housing provider, provided that the housing provider agrees;
- Exercise remedies in relation to projects-in-difficulty;
- Remove and appoint housing provider board members if these providers operate under a provincial or federal/provincial program; and
- Enter into agreements with certain governments or bodies in relation to the use, collection and disclosure of information, provided privacy rules have been met.

With this increased flexibility and autonomy, Service Managers also need to be aware that any decisions or actions that result in the default of a social housing mortgage may trigger Section 106 of the *Housing Services Act, 2011* that allows the Province to recoup any housing costs from Service Managers that may result from a Service Manager issuing a consent to a housing provider.

The Province has retained authority for several areas of consents in order to ensure that the social and affordable housing needs of the people of Ontario continue to be met. Ministerial consents are needed for the following:

- The sale or transfer of social housing projects and lands;
- The sale of a Local Housing Corporation's (LHC) shares, the transfer of LHC's shares or the amalgamation or dissolution of a LHC (unless prescribed requirements are met);
- The sale of public housing, unless it is being transferred to the Service Manager or certain other entities; and,
- An LHC opting out of the bulk purchasing of natural gas and insurance programs provided by the Housing Services Corporation (HSC).

The general process that the Ministry will use for evaluating such consent requests remains unaltered. The Service Manager will submit a formal consent request along with a business case – further details may be sought from the Service Manager and/or other parties – and the decision to approve or deny the request will be provided to the Service Manager. If an approval is feasible, various conditions usually form a critical element of the consent.

In the context of the sale or transfer of social housing, two important considerations continue to apply: (1) impacts on the people living in the units, and (2) impacts on the housing stock available to meet affordable and social housing needs now and in the future. While each request will be considered on a case-by-case basis, criteria involved in making a determination often include:

- impacts on tenants/security of tenure/protecting the interests of affected tenants and their families
- maintaining service level standards
- environmental liability
- financial/mortgage impacts on the province and Service Manager
- how revenues generated from the sale of social housing stock will be used
- continued project eligibility for federal funding
- impacts on the community and housing mix
- the stock of affordable and social housing.

One additional note should be considered. In some instances, the conditions set out in Section 8(g) of the Social Housing Agreement will take effect, in which case CMHC could insist on receiving the net share of the gain from the sale. Responsibility for consent advice and support is held by the Housing Division of the Ministry of Municipal Affairs and Housing, Housing Funding & Risk Management Branch.

Documentation Typically Required for a Ministerial Consent Request

- The name and contact information for the Service Manager;
- A Council Resolution approving the consent request or proof of delegated authority for a staff person;
- A resolution of the outgoing and incoming housing provider boards approving consent request;
- The plan to maintain Service Level Standards;
- An action plan to address the issue of in-situ tenants, i.e., any tenant relocation plans;
- The business case and detailed information on the type of housing being considered for the sale including dwelling type and bedroom unit count;
- The name and address of the housing provider;
- The name of the existing lender and mortgage loan number;
- Parcel register(s) for each project/property;
- The Canada Mortgage and Housing Corporation (CMHC) account number, if applicable;
- If the lender is CMHC, a draft CMHC mortgage assumption agreement;
- Consent of the lender;
- If the lender is a financial institution or insurance company, the solicitor acting for the purchaser will provide its client form of a mortgage assumption agreement;
- The draft Purchase and Sale Agreement stating the property is purchased on an "as is" basis or condition;
- Any surveys, reference plans, collateral agreements or shared facilities agreements; and,
- If this is a receiver-driven sale or transfer, a copy of any court documents relating to the transaction.

APPENDIX G – FINANCING OPTIONS

When operating agreements expire and mortgages mature, there will be an end to federal subsidies to social housing providers. The Province believes that the federal government has a key role to play in making social housing sustainable through its regeneration and redevelopment. As social housing operating agreements continue to expire over the next two decades, the Province will look to the federal government to increase its investment in the social housing stock to make it sustainable for the long term.

In social housing projects where rental revenues are sufficient to offset financing costs, equity may be leveraged to finance repairs and renewal. There may be opportunities at this time to pursue alternative financing mechanisms. Some lenders have become increasingly familiar with the social housing stock and its stakeholders, and are therefore more familiar with opportunities and challenges associated with the social housing sector.

CMHC offers direct lending only to federal, federal-provincial, and Section 95 social housing projects. All other social housing projects, such as provincial unilateral, do not have this option, but instead can participate in the Ontario Competitive Financing Renewal Process (OCFRP). MMAH established the OCFRP in 1992 as a way of procuring preferred mortgage renewal terms for social housing providers and generating considerable savings.

It is possible that other commercial lenders could also be engaged to determine loan opportunities and strategies. This would require a need for relationship-building between providers and prospective lenders in order to educate each other on social housing and financing matters. MMAH is prepared to act as a facilitator to ensure all the various partners in the refinancing process are engaged. Mortgage renewal staff at MMAH can also provide technical advice and support. It would be a prudent course of action for providers to regularly explore new or alternative financing options.

Considerations with Independent Social Housing Financing

If the decision is made to pursue a new financing arrangement, to increase the existing mortgage principal or re-amortize the existing mortgage, this will likely result in the registration of a new mortgage. There will be certain implications which would have to be addressed on a case-by-case basis. For example:

- Does the provider have the financial ability to service additional debt?
- Will the existing mortgage have to be discharged?
- Will there be a penalty and/or costs related to pre-payment or discharge of the mortgage?

- Will the project be disqualified from participating in the Ontario Competitive Financing Renewal Process?
- Will the Service Manager have to increase its housing subsidy to the housing provider?
- Will the financing impact the projects eligibility for federal funding? If the conditions of the *Canada-Ontario Social Housing Agreement* are not met, the project may no longer be eligible for receipt of federal funding, while the subsidy obligation will continue.
- Could the project be removed from the *Social Housing Agreement*?

At any time, when independent financing options are being considered, Ministry staff would be pleased to assist and advise as requested to ensure providers, and Service Managers, have the information they need to make informed decisions and ensure their needs are truly met.

Mortgage Refinancing

When refinancing a mortgage, there will be costs for housing providers in order to acquire new mortgage financing. As an example, Table 4 below lists approximate costs of acquiring a $3.86M mortgage amortized over 25 years. Please note that costs may vary and are subject to change.

Table 4: Mortgage Refinancing Costs for a Social Housing Provider (2012 dollars)

#	Steps	Approximate Cost
1	Obtain a survey, if one not available	$8,000–$12,000
2	Environmental Site Assessment (ESA) Phase I or Phase II, if necessary	TBD
3	Lender commitment fee	$38,000
4	Lender mortgage processing fee	$13,500
5	Lender's hedge fee to lock in the interest rate	TBD
6	Lender's legal fees	$8,000–$10,000
7	Housing provider legal fees	$5,000–$8,000
8	Appraisal report	TBD
9	Building condition report	$8,500
10	Fire prevention and life safety systems inspection	varies by municipality
11	Mortgage brokerage fees (based on 3.5% of principal)	$135,000
12	NHA insurance fees, if mortgage will be insured	Assume a premium of 2.5%–2.75% of total loan value (e.g., $96,500–$106,150 for a $3.86M loan)
13	Insurance inspection	$1,000 minimum
	Total	**More than $313,500**

Mortgage-Backed Securities

In 1984, the *National Housing Act* (NHA) was amended to facilitate the financing of housing and the return to longer-term lending. As mortgages became NHA-insured, lenders felt more comfortable lending to homeowners and other entities such as social housing providers.

A significant number of social housing mortgages in Ontario are in mortgage-backed securities (MBS) instruments. An MBS is an asset-backed security that represents a claim on the cash flows from mortgage loans through a process known as securitization.

MMAH arranges bundles of NHA-insured, homogeneous mortgages that are arranged by dollar value and remaining amortization periods. Each mortgage bears a fixed interest rate and provides for scheduled payments which are fully amortized over their respective amortization period. None of the non-profit housing mortgages in or outside of MBS pools have any prepayment privileges. All social housing and non-profit housing mortgages are NHA-insured. With the exception of Section 26 and Section 27 mortgages, all social housing and non-profit housing mortgages are NHA insured.

The Province facilitates the renewal of non-profit social housing mortgages. The Province, through the Ontario Financing Authority (OFA), issues a tender for a bundle of mortgages. The lender that wins the tender makes the decision whether or not to invest the mortgages in an MBS financing instrument. The lender pays the mortgage acquisition fees. The calculation of the interest rate achieved includes the acquisition and mortgage administration costs. All NHA-insured mortgages must have monthly principal and interest payments at a fixed interest rate and interest is calculated semi-annually, not in advance.

Projects that are included in an MBS instrument are limited in terms of refinancing options, as additional encumbrances like second mortgages may result in removal of the project from the MBS financing upon its next renewal, which would result in losing the beneficial interest rates provided through the MBS financing. There are additional costs related to discharging existing mortgages.

Under the HSA, Service Managers now have the flexibility to make whatever mortgage renewal decisions are locally appropriate. However, if the SM chooses to renew a mortgage outside the provincially administered Ontario Competitive Financing Renewal Process, the SM is responsible for any related administrative costs and should be aware of mortgage default risks.

Non-performing mortgages

Another financing mechanism you may wish to explore is a non-performing mortgage. No payments under a non-performing mortgage would be required until the first mortgage has fully matured and the mortgage discharged. A non-performing mortgage can improve a housing provider's cash flow over the short-term, with the proviso that interest payments on that mortgage will likely be higher once the mortgage starts to perform or repayment commences. A non-performing mortgage can be registered on title as a second mortgage.

APPENDIX H – ENVIRONMENTAL REMEDIATION

The transfer orders made under the *Social Housing Reform Act, 2000* did not relieve Ontario Housing Corporation of any potential liability for environmental contamination and remediation under the *Environmental Protection Act* (EPA). Consequently, as a former owner of the lands, Ontario Housing Corporation (now the Ontario Mortgage and Housing Corporation – OMHC), could have potential liability for any environmental contamination identified on public housing properties transferred by the Ontario Housing Corporation to Local Housing Corporations/Service Managers. The Local Housing Corporation/Service Manager could have similar liability as an owner.

An update to OMHC guidelines are currently being drafted and will be circulated to Service Managers and Local Housing Corporations. Guidelines will include sharing protocols and templates to assist in the negotiation of potential environmental liability responsibilities Currently, Local Housing Corporations/Service Managers are encouraged to notify MMAH and the Ministry of the Environment as soon as they become aware of any potential environmental contamination within their public housing portfolio. Any actual remediation activities should not commence without prior discussion and communication with Ministry staff. OMHC will assess each submission on a case-by-case basis.

Ministry of Municipal Affairs and Housing

ISBN 978-1-4435-9451-6 (Print)
ISBN 978-1-4435-9453-0 (PDF)
ISBN 978-1-4435-9452-3 (HTML)

350/05/12

Disponible en français