



COMMUNITY HOUSING RENEWAL STRATEGY
transformation guide

STEP 1: SELF-*reflection*

ONPhA

ONTARIO NON-PROFIT
HOUSING ASSOCIATION

PURPOSE OF THE TRANSFORMATION GUIDE

The purpose of this document is to provide ONPHA membership with information, insight, and tools to support their journey through the regulatory, policy and sector transformation ahead. This document has been developed through a partnership between ONPHA, StrategyCorp and Robins Appleby LLP to provide members with a more detailed understanding of what the path forward could look like for Housing Providers approaching their End-of-Mortgage or End-of-Agreement (“**EOM/EOA**”).

As changes are announced and introduced, ONPHA has been working to understand and interpret the impacts on the community housing sector now and in the future. ONPHA is here to support all members and sector partners to understand and navigate this new reality by providing information and case-by-case advice/consulting.

The role of ONPHA is to ensure that its membership and other system stakeholders have a clear understanding of the changes to housing regulation, based on insights gathered from government decision makers, by providing support and advice to those who want to navigate this change. This guide is a living document that will evolve in response to feedback, and/or if more information and change is introduced that must be accounted for. It is also part of a broader suite of EOM/EOA and regulatory change considerations, advice and publications ONPHA will provide to its members.

Herein we introduce ONPHA’s five-stage process for Housing Provider transition into the new system environment, and begins the process of describing relevant details of the process. Below are initial readiness questions members can ask themselves as they begin this journey to transition.

This is the first of a series of documents to be shared with ONPHA members, which are being released with intentional steps to optimize preparedness for members.

WHO SHOULD USE THIS DOCUMENT?

This guide is designed to help ONPHA members who are thinking about what steps to take to move forward.

The regulatory changes ahead are complex, and are expected to result in fundamental changes in how services are funded and ultimately delivered across the province. As a result, ONPHA strongly recommends a deep partnership with Board of Directors and Senior Management Teams on this journey, and for neither group to operate in a silo. The expertise of each group will play an important part in negotiating effective and informed legal agreements with funding partners that will have implications for ten (10) years or more.



INTRODUCTION & *context*

The policy, legislative and regulatory change underway presents a unique opportunity to transform and redefine the systems and structures that support the community housing sector in Ontario.

The key players within the sector (providers, service managers, the Province) are all experiencing fundamental change to the expectations and processes for how the system will be managed and delivered across the Province. As providers reach their end-of-mortgage (EOM) or end-of-agreement (EOA) timelines, it will be important that they are equipped to effectively negotiate and stabilize their future within the sector.

ALIGNING OUR VISION FOR THE FUTURE WITH *policy* REALITIES...

In the face of significant change, ONPHA facilitated a 'Solutions Lab' in early 2022 with sector leaders to help define our desired future for the community housing system, which took into consideration the expected regulatory changes.

We hope to have a community housing sector for the future that...

- ✓ Better serves residents
- ✓ Addresses resident support needs
- ✓ Sustains, grows & builds capacity
- ✓ Has long-term resilience and stability
- ✓ Takes collective action
- ✓ Fosters social integration

Below is a summary of the collective sector vision that was developed out of the Solutions Lab, along with the key characteristics of that future as defined by the Solutions Lab participants.

Characteristics of the desired future for community housing...

1. Accountability
2. Adaptability
3. Collaboration
4. People-centred
5. Provider Autonomy
6. Resident success
7. Sustainability
8. Trust and Transparency
9. Community Well-being
10. Growth and sustainability

PRESENTING THE OPTIONS FOR THE COMMUNITY *housing* SECTOR...

With this vision for the future in mind, Housing Providers in Ontario are now contemplating their future. Specifically, what are the options for Housing Providers and how do Housing Providers decide what option is best for their organization?

The table below provides a high-level description of what the overall 'path forward' options are for Housing Providers within the framework of EOM/EOA. It is important to note that this is a general overview of these options for educational purposes and, as will be described later in this guide, each Housing Provider will have a unique path forward based on the inner-workings and realities of their own unique operating environments.

	<p align="center">“STAY WITHIN” THE REGULATED COMMUNITY HOUSING SYSTEM</p>	<p align="center">“EXIT” THE REGULATED COMMUNITY HOUSING SYSTEM</p>
<p align="center">WHAT IT GENERALLY MEANS</p>	<ul style="list-style-type: none"> • Housing Providers remain within the Housing Services Act, 2011 (“HSA”) regulatory system, ultimately negotiating and signing a Service Agreement with their Service Manager 	<ul style="list-style-type: none"> • Housing Providers exit the HSA regulatory system through an Exit Agreement
<p align="center">INCENTIVES FOR HOUSING PROVIDERS</p>	<ul style="list-style-type: none"> • Continued access to targeted government funding envelopes • Opportunity to negotiate for operational/delivery funding support • Maintains a cohesive community housing system in Ontario for tenants 	<ul style="list-style-type: none"> • Operational independence from HSA reporting and enforcement requirements, but not from other regulatory requirements (e.g. <i>Residential Tenancies Act, Ontario Non-Profit Corporations Act, etc.</i>)
<p align="center">RISKS/ CONSIDERATIONS FOR HOUSING PROVIDERS</p>	<ul style="list-style-type: none"> • Oversight and Administration: Housing Providers will be subject to reporting and administrative requirements with the Service Manager, which will be negotiated on an individual basis. • Negotiation Requirements/ Next Steps: Housing Providers and Service Managers will need to both equip themselves with an understanding of key negotiation points, so discussions are encompassing and transparent. • Issues and Disputes: there may be instances where Housing Providers and Service Managers disagree during the implementation of the agreement, which may require formal dispute resolution (at a cost) to address it. 	<ul style="list-style-type: none"> • Housing Stock: removal of stock from the guaranteed, long-term affordable community housing system and options available to tenants • Subsidy Access: unless there is regulatory amendment, there is no requirement for Service Managers to provide funding for ‘in-situ’ RGI tenants who stay in units post-exit. • Assets: many of the properties have been subject to significant municipal investment over time, and therefore will require delicate negotiation at EOM/EOA. • Taxes: there may be tax implications associated with not being funded by municipalities

ONPHA'S *'path forward'* JOURNEY

The transformation ahead presents an exciting opportunity to set the stage for Ontario's community housing sector for the first time in over thirty years. ONPHA believes it is critical for Housing Providers to dedicate the appropriate attention, resources, and organizational capacity towards successfully navigating this new environment.

The visual on this page demonstrates what ONPHA believes to be the five key steps every Housing Provider should aim to take on this journey. Each step is designed to ultimately empower each Housing Provider with the information, documentation, knowledge and know-how that Housing Providers need to ultimately negotiate their future with the Service Manager.

The next section of this guide provides a detailed description of Step 1 – Self Reflection and some initial questions Housing Providers could begin to ask themselves to mobilize effectively. The information and questions included in this section are for educational and information purposes only – more detailed analysis and assessment will be required to adequately complete Step 1 – Self Reflection.





1. SELF-*reflection*

STEP *objective*

Understand your capacity and capabilities as a Housing Provider, and your position financially and operationally. This is an important pre-condition to: (1) determining what a path forward would look like in consideration of all changes required to engage in the new system; and (2) financial planning as part of the new regulatory framework.

EXPLORATION AREA 1: CAPABILITY

It will be critical for Housing Providers to understand and assess their operational and capital capabilities. In the new regulatory framework, it is expected that: (1) Service Agreements will impose new expectations and result in reduced funding at mortgage expiry; and (2) if Housing Providers exit, they will be solely responsible for the financial management and execution of these capabilities.

- **Operational Capabilities:** property management, tenancy management including RGI administration (includes decision appeals process traditionally led by Service Managers)
- **Capital Delivery:** management and execution of Building Condition Assessments (BCAs), capital planning activities, and execution oversight for capital plan execution (either through direct or contracted delivery)

INITIAL QUESTIONS TO ASK YOURSELF ABOUT YOUR *organization*

1. Our property management capabilities are...



2. In terms of delivery and management, our tenancy management and RGI processes are...



3. Our organizational structure is...

VERY
EFFECTIVE

EFFECTIVE

MEET MINIMUM
REQUIREMENTS

REQUIRE
IMPROVEMENTS

INEFFECTIVE

4. Our people will require ___ of training to deliver our core capabilities effectively now and in the future...

SIGNIFICANT

A LOT

SOME

MINIMAL
AMOUNT

NONE



EXPLORATION AREA 2: FINANCIAL POSITIONING

Housing Providers must also understand their financial positioning as the EOME/OA timelines approach. As described above, it can be expected that Housing Providers will be required to fund a larger proportion of their responsibilities. In the case of a system exit, Housing Providers will be solely responsible for the financial management of their organization and will likely face immediate budgetary pressures as access to government funding and incentives will reduce, along with the long-term operational funding implications. For example, there is currently no requirement for the Service Manager to provide subsidy for RGI units that were in place prior to system exit but Housing Providers will be required to deliver the RGI subsidy for the lifetime of the tenancy.

- **Operational:** current positioning, capacity for forecasting, budgeting, and reporting
- **Capital:** status of reserves and reserve management
- **Financial Planning:** capacity and capability to execute

INITIAL QUESTIONS TO ASK YOURSELF ABOUT YOUR *organization*

1. Do we have the information to understand our financial position?
2. If so, What is our current financial positioning as an organization – revenues, expenses, debt-load



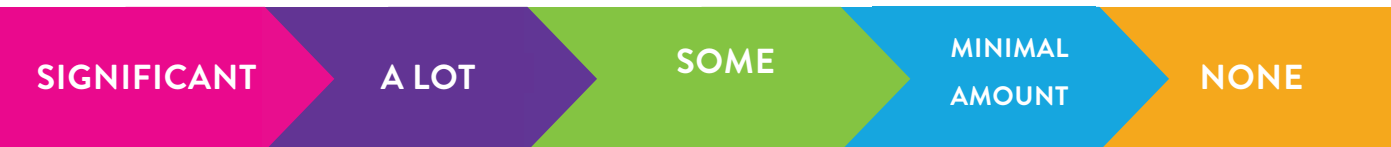
3. Do we have the information to understand the status of our reserves and expected capital expenditures?
4. If so, what is the status



5. Our forecasting, budgeting and overall financial reporting processes/cycles are...



6. Our internal capacity to develop a ten-year financial plan in alignment with Ministry requirements is...





EXPLORATION AREA 3: GOVERNANCE

Governance refers to the infrastructure, policies and programs in place that enable the Board of Directors and Senior Management Team to oversee and direct the organization into its future. The new Service Agreements are expected to introduce a need for updated capabilities and responsibilities of governing bodies, and Housing Providers who exit will be accountable to maintain governance structures in alignment with the Ontario Non-Profit Corporations Act.

- **Capability:** skillset and makeup of leadership and Board of Directors Succession
- **Planning:** infrastructure and strategies to ensure providers maintain smooth governance and operations in the face of potential change

INITIAL QUESTIONS TO ASK YOURSELF ABOUT YOUR *organization*

1. Our leadership will support the organization on the journey ahead, and has the courage to support and sustain the change...



2. Our Board of Directors have the capabilities, skillset, and mindset to shepherd this change...



3. Our organizational succession plans and strategies are...



4. Our strategic planning and operational planning processes are...



5. Our last strategic/operational plan was...





EXPLORATION AREA 4: OTHER

Below are other key requirements/considerations for Housing Providers as they reflect on their readiness for the changes ahead.

- Infrastructure Ontario requirements associated with loans and/or financing received (e.g. SHIP/ SHARP Agreements and related obligations)
- Other contribution/financing agreements (e.g. COCHI)
- Arrangements with funders
- Tax implications

INITIAL QUESTIONS TO ASK YOURSELF ABOUT YOUR *organization*

1. Are there obligations within other agreements that require continued relationship with Service Manager and/or continued operations of RGI?



2. Are there tax implications to exiting from the HSA and not receiving municipal funding?



STAY *tuned!*

In early 2023, ONPHA will release additional information about the other steps in the five-step transformation process. This includes:

- **Summary of Options for Providers**
- **Service Agreement & Exit Agreement Templates/Recommended Terms of Reference**
- **Access to other organizations who can help ONPHA members navigate the change**

2. UNDERSTANDING *your* **OPTIONS**



3. TAKE A *position* **& SET A STRATEGY**



4. NEGOTIATE



5. IMPLEMENT

QUESTIONS? COMMENTS?

If you have any questions or comments about the information in this guide, please contact policy@onpha.org

NEED MORE SUPPORT?

ONPHA is now in the process of developing a all-encompassing solution for our members embarking on these changes. This will include an information hub with resources and toolkits to access, webinars and information sessions, and access to a selected roster of firms subject-matter and technical expertise you may need to navigate this journey leveraging the ONPHA Enterprise program.

If you have immediate needs related to EOM/EOA, or require more detailed information to help with an upcoming negotiation, please contact policy@onpha.org to receive resources and other useful information.

DISCLAIMER

This material is for general information purposes only. It is not intended to provide legal advice or opinions of any kind and may not be used for professional or commercial purposes. No one should act, or refrain from acting, based solely upon this material, without first seeking appropriate legal or other professional advice. This material is provided for your convenience only and your use of this material is at your own risk. While ONPHA has made reasonable efforts to ensure that this material is accurate, it does not warrant or guarantee the accuracy, currency or completeness of the material. In no event shall ONPHA, its partners, agents or employees be liable for any loss, cost or damages whatsoever whether direct, indirect, incidental, or otherwise arising out of any use or misuse of, or any defects, inaccuracies, errors or omissions in this material without regard to the form of action.



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