



COMMUNITY HOUSING RENEWAL STRATEGY
transformation guide

1. SELF-*reflection*



2. UNDERSTANDING *your* OPTIONS

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



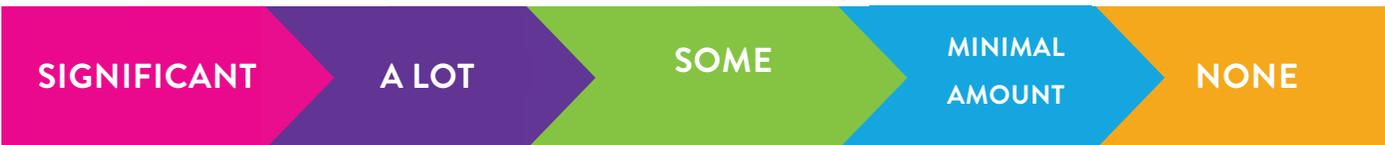
3. Do we have the information to understand the status of our reserves and expected capital expenditures?
4. If so, what is the status



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?



2. UNDERSTANDING *your* OPTIONS

STEP *objective*

With a clearer understanding of what your capacity and capabilities are as a provider (result of Step 1), begin to consider your options from both a regulatory and operational perspective. More specifically, the insights gained from this exercise to better understanding the inner-workings will provide Housing Providers with the insights they need to think about their operational and regulatory future in the face of the transformation underway:

- Operational Future: refers to the operating environment of a provider.
- Regulatory Future: refers to the regulatory environment (*vis-à-vis* the HSA) in which a Housing Provider operates, which is fundamentally changing because of the transformation underway.

Below are some of the key considerations and options Housing Providers will have to assess in the context of the insights gathered from the detailed due diligence described in Step 1 of this Guide.

OPTIONS FOR PROVIDERS - *operational future*

In the description of Step 1 – Self-reflection, four areas of exploration are introduced to help Housing Providers deep-dive into key elements of their operations. While each Housing Provider will derive unique insights into their own organization because of this due diligence, the results will result in a common set of future-focused questions Housing Providers must consider as the next step in the journey to prepare and adapt to the transformation ahead.

While the actual answers to many of these questions will be borne-out of the due diligence Providers complete in Step 1, these questions are meant to encourage business-like thinking about the health and stability of each organization now that more organizational insight is available.

EXPLORATION AREA – GOVERNANCE

1. Is our Board and Leadership positioned with the skills and interest to govern this organization for the next ten+ years?



2. Are we sufficiently invested in our succession planning, strategic planning, and operational planning activities as an organization? If not, are we able and willing to do more?



3. Are we open to partnership (merge, acquire, shared services, etc.)? Are there other like-minded organizations we could integrate with to better deliver our mission and mandate? Are we sufficiently invested in our succession planning, strategic planning, and operational planning activities as an organization? If not, are we able and willing to do more?

EXPLORATION AREA – FINANCIAL POSITIONING

1. Are we in a strong enough financial position now and in the forecasted medium/long-term to maintain the same (or better) level of operations that we have today?



2. Are we in a strong enough financial position to invest in our necessary operational and capital needs over the next ten+ years? Are there funding arrangements or sources we believe will fill this

EXPLORATION AREA – CAPABILITY

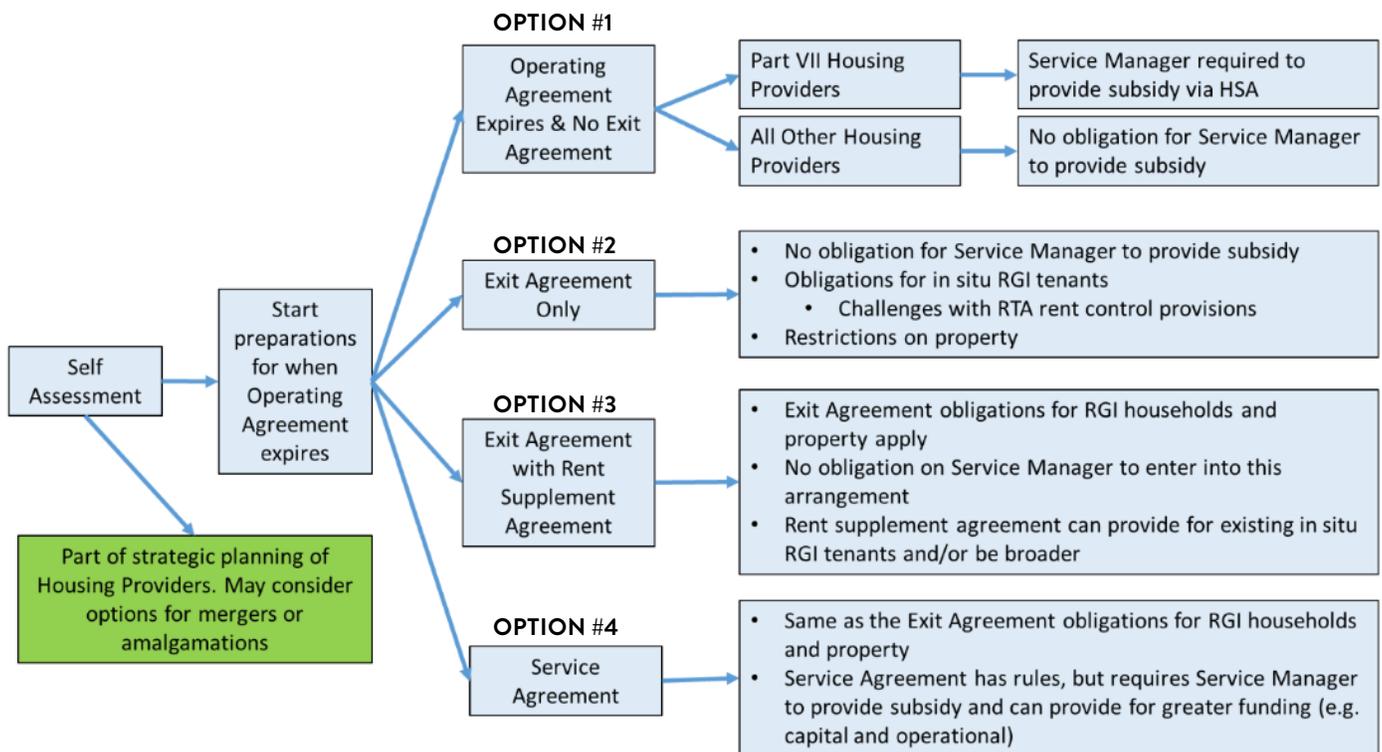
1. Do we have the in-house processes/capabilities and organizational structure to succeed as Housing Provider assuming the same or less financial means to do so? If not, are we able and willing to invest the needed resources and time to improve our operations?

OPTIONS FOR PROVIDERS - *regulatory future*

Regardless of the operational future an organization charts for themselves, Housing Providers currently operating with the HSA regulatory framework must also consider what their options are in terms of ‘staying’ or ‘exiting’ the existing community housing regulatory regime. In other words, each housing project currently governed by an eligible operating agreement/mortgage must undergo a decision process in which the Housing Provider establishes its regulatory future. Bill 184, Protecting Tenants, and Strengthening Community Housing Act, 2020 amends O. Reg. 367/11 under the Housing Services Act and sets out the process for a housing project to either remain or cease to be a designated housing project under the HSA. Negotiations will take place on a provider-by-provider basis with their relevant Service Manager. Housing Providers reaching their expiration timelines are provided a choice:

- Sign a Service Agreement with their Service Manager and still be partly governed by the HSA, or
- Exit the HSA system through an Exit Agreement with their Service Manager

Underpinning this choice are multiple options for the type of legal/regulatory arrangement a Provider could pursue. Below is a summary of the four legal/regulatory options available to Housing Providers. Each option is described in detail, which includes key considerations.



It is important to remember that there is no single ‘solution’ or ‘path forward’ for providers and their housing projects under agreement, and these are high-level options based on the legislation. Each Housing Provider and Service Manager needs to analyze their own situation and come to a common understanding on the most appropriate option. Both Housing Providers and Service Managers have common interest in providing housing for those in need, and a spirit of collaboration and negotiation should underpin all decisions and efforts ahead.

OPTION #1

Description: Operating Agreement Expires, and No Exit Agreement is Signed (“Status Quo”).

In this option, the Service Manager and Housing Provider sustain the status quo. Technically, any provider who currently has an expired agreement and has not entered negotiations/a new arrangement are operating within the status quo. The legislation does not specify a limit on how long a Provider and Service Manager may operate as “status quo”.

For Part VII Housing Providers, the Service Manager is required to operate within the terms of their expiring agreement/mortgage, and existing provisions around subsidy and reporting/enforcement will apply as per Section 78 of the HSA.

For all other Housing Providers, there is no obligation for the Service Manager to provide subsidy and the Housing Provider will no longer be subject to reporting and enforcement mechanisms.

Key Considerations for Option 1:

There is an inherent risk in doing nothing. While operating in this “status quo” state post-expiry may be an immediate reality for many Providers/projects, it should be considered short term. Immediately following agreement expiry, maintaining the “status quo” creates the space and time for Providers and Service Managers to wrap-up their due diligence/preparation efforts. At the same time, relying on this “status quo” option results in a missed opportunity for Providers to use this negotiation opportunity as a chance to better understand themselves and their organization, and establish a sustainable long-term future that attempts to account for the shortfalls of the funding arrangement of the last 30+ years.

OPTION #2

Description: Exit Agreement Only.

In this option, the Housing Provider negotiates an exit agreement with their Service Manager effectively ending their formal designation under the Housing Services Act. Legislatively, an exit agreement must include several elements that must be approved by the Service Manager:

- A plan for the accommodation of households who occupy units in the housing project, either through continued delivery of RGI assistance or through an alternate form of assistance.
- A plan for the property via at least one of the following: continued operation of the housing project by the housing provider or another housing provider; redevelopment of the housing project by the housing provider or another housing provider; or the reinvestment of the proceeds of sale of the housing project into affordable housing.
- For household in receipt of RGI assistance, the provisions of the HSA with respect to the following continue to apply: (1) determining the household's continued eligibility for RGI assistance and the amount of the household's RGI; and (2) giving notice, reviewing and determining the effective date of the above-noted decisions. There is no legislative obligation for Service Manager to provide subsidy, which creates challenges with administering RGI units and also has an impact on raising above guideline rents on market tenancies.

Figure 2.1 provides a summary of the key features/terms of a compliant exit agreement.

Key Considerations for Option #2:

While titled an 'exit' agreement, Housing Providers are not exactly 'exiting' the subsidized housing system – or the accountability for their mandate – entirely. Housing Providers will be required to continue to accommodate households and maintain the state-of-repair of the housing project.

For non-profit Housing Providers, the Ontario Non-Profit Corporations Act (ONCA) mandates non-profit corporations continue to operate for their mandated non-profit purposes to remain officially designated. In other words, exiting does not refer to full removal from the non-profit community housing system in Ontario. Providers will continue to have legislated accountabilities within the HSA and other frameworks to uphold delivery of their non-profit housing mandate, but without access to the financial subsidy previously guaranteed from Service Managers.

FIGURE 2.1: FEATURES OF EXIT AGREEMENTS (IN ALIGNMENT WITH LEGISLATIVE PROVISIONS)

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
	PARTIES	A Housing Provider and its Service Manager
	PROPERTY	Designated housing projects under the HSA
86.1(2)	RECITALS	<ul style="list-style-type: none"> • The housing project is not subject to a pre-reform operating agreement that remains in effect. • The housing project is not subject to a mortgage guaranteed by the Province of Ontario that relates to a transferred housing program.
86.1(3)(1)	AGREEMENT	The Housing Provider and Service Manager covenant and agree for the housing project to cease to be a designated housing project under the HSA.
86.1(3)(2)	EFFECTIVE DATE	The agreement must: take effect no less than 30 days after the date on which the service manager and housing provider give notice to the Minister; and (ii) state that effective date.
86.2(1)(1) AND 86.2(1)(2)	JOINT NOTICE TO MINISTER (sample notice will be included as schedule to agreement)	<p>The housing provider and service manager must jointly give the Minister notice of their intention that the housing project cease to be a designated housing project. Such notice must be signed by at least one representative of the service manager and at least one representative of the housing provider and must include:</p> <ul style="list-style-type: none"> i. The address of the housing project. ii. The service manager iii. The housing provider iv. A legal description of the lands on which the housing project is located. v. A statement that the service manager and housing provider have entered into an exit agreement that complies with the requirements prescribed under clause 68.1(1) (b) of the HSA. vi. The effective date of the exit agreement. vii. A statement that the housing project meets the criteria prescribed for the purpose of clause 68.1(1)(a) of the HSA.

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
86.1(3)(3) AND 86.1(3)(4)	EXISTING TENANCIES	<p>The agreement must include a plan for the accommodation of households who occupy units in the housing project, including a plan for the continued delivery of one of the following to each household who is in receipt of RGI assistance:</p> <ul style="list-style-type: none"> • RGI assistance; or • if the household agrees, an alternate form of assistance referred to in Section 20.1;
	SERVICE MANAGER FUNDING	No requirement under the HSA
86.1(3)(3) AND 86.1(3)(4)	PROPERTY RIGHTS	<p>The agreement must include a plan for at least one of the following and the housing provider shall implement such plan:</p> <ul style="list-style-type: none"> • The continued operation of the housing project by the housing provider or another housing provider; • The redevelopment of the housing project by the housing provider or another housing provider; or • The reinvestment of the proceeds of sale of the housing project into affordable housing

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
147.1	<p>PROVISIONS OF HSA THAT CONTINUE TO APPLY</p>	<p>If a household was receiving RGI assistance under Part V of the Act in a unit in the housing project immediately before the housing project ceased to be a designated housing project, the following provisions of the HSA continue to apply in respect of the household while the household continues to occupy the unit:</p> <ul style="list-style-type: none"> • Section 50 of the Act and the regulations made under that section continue to apply for the purpose of determining the amount of the household’s RGI and for the purpose of binding the housing provider to that determination. • Section 52 of the Act and the regulations made under that section continue to apply for the purpose of determining the household’s continued eligibility for RGI assistance. • Section 53 of the Act and the regulations made under that section continue to apply for the purpose of giving notice of decisions in respect of the matters described in subparagraphs 1 and 2. • Sections 155, 156 and 158 of the Act and the regulations made under those sections continue to apply to a review of a decision in respect of the matters described in subparagraphs 1 and 2. • Section 159 of the Act and the regulations made under that section continue to apply for the purpose of determining the effective date of any decisions in respect of the matters described in subparagraphs 1, 2 and 4.

This table is designed to provide a general indication of agreement features in alignment with legislation, and does not represent legal advice or the components of an actual agreement. Each Provider and Service Manager should negotiate terms that fit their unique situation and manages compliance.

ONPHA has developed service and exit agreement templates for our members. For access to a copy that you can use as a starting point for your negotiations, contact policy@onpha.org.



OPTION #3

Description: Housing Providers can try to negotiate a Rent Supplement Agreement with the Service Manager to maintain subsidy for RGI units without the broader Service Agreement requirements being included.

Though there is no legislative obligation on Service Manager to enter this type of arrangement, these types of arrangements currently exist between Service Managers and other public and private landlords offering subsidized housing. If a rent supplement agreement is reached, the Provider is exempt from rent control provisions of the RTA. The agreement would also allow for the continued administration of RGI subsidies.



OPTION #4

Description: Service Agreement. In this option, the project transitions to become a Part VII.1 Housing Provider under the HSA. Ceasing to be a designated housing project and becoming a Part VII.1 housing project means funding, reporting and enforcement clauses under the HSA no longer apply. The agreement must have a term of at least ten years.

The Housing Provider and Service Manager may not terminate the agreement, even at the end of the term, except as part of replacing the agreement or through an exit agreement. Must include a financial plan for the housing project that addresses how the housing provider's revenues will meet expenditures for the housing project, including projected capital expenditures. Must be reviewed at least every five years.

The agreement must specify several provisions, summarized below:

- The number, target, or range of the number of households in the housing project that will receive RGI assistance and/or an alternate form of assistance. If one or more households in the housing project are presently receiving RGI assistance, the agreement must provide that such households will continue to receive RGI assistance.
- Provide that the housing provider will comply with the waitlist selection system, eligibility criteria and RGI calculations under the HSA.
- A requirement for the service manager to provide funding to the housing provider for RGI units in the housing project. Equal to the difference between the RGI payable by the household and the market rent.
- Provision for such additional funding or other financial assistance as the service manager and housing provider agree on in order to: (1) reduce or defray the rent of non-RGI households; and (2) enable the housing provider to maintain the housing project in a satisfactory state of repair and fit for occupancy.
- For households in receipt of RGI assistance, the provisions of the HSA with respect to the items below will continue to apply: (1) determining the household's continued eligibility for RGI assistance and the amount of the household's RGI; and (2) giving notice, reviewing and determining the effective date of the above-noted decisions.
- A dispute resolution process.

Figure 2.2 provides a summary of the key features/terms of a compliant service agreement.

Key Considerations for Option 4:

ONPHA firmly believes that entering into service agreements is the most effective way to maintain the comprehensiveness and integrity of Ontario's entire community housing sector. A service agreement is, broadly speaking, the most all-encompassing method Housing Providers have to negotiate a new and viable financial and operational future for ten+ years (or longer, since a ten year agreement is the minimum required length).

FIGURE 2.2: KEY FEATURES OF SERVICE AGREEMENTS (IN ALIGNMENT WITH LEGISLATIVE PROVISIONS)

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
	PARTIES	A Housing Provider and its Service Manager
	PROPERTY	Designated housing projects under the HSA
105.1(3) AND 105.1(4)	RECITALS	<p>The housing project is a designated housing project that satisfies the following prescribed criteria: (i) The housing project is not subject to a pre-reform operating agreement that remains in effect; and (ii) The housing project is not subject to a mortgage guaranteed by the Province of Ontario that relates to a transferred housing program; or</p> <p>The housing project is such other type of housing project including: (i) A corporation to which the Not-for-Profit Corporations Act, 2010 or the Canada Not-for-Profit Corporations Act applies; (ii) A non-profit housing co-operative; (iii) A co-operative to which Part 20 of the Canada Co-operatives Act applies; (iv) A local housing corporation; (v) A housing provider that previously operated the housing project under a funding agreement with the Crown in right of Canada or in right of Ontario, or an agency of either of them, or a service manager.</p>
105.1(2)(1)	AGREEMENT	The Housing Provider and Service Manager covenant and agree for the housing project to be governed under Part VII.1 of the HSA.
105.1(2)(2)	EFFECTIVE DATE	<p>The agreement must:</p> <p>(i) take effect no less than 30 days after the date on which the service manager and housing provider give notice to the Minister; and</p> <p>(ii) state that effective date.</p>

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
<p>105.2</p>	<p>JOINT NOTICE TO MINISTER (sample notice will be included as schedule to agreement)</p>	<p>The housing provider and service manager must jointly give the Minister notice of their intention that the housing project be a Part VII.1 housing project. Such notice must be signed by at least one representative of the service manager and at least one representative of the housing provider and must include:</p> <ul style="list-style-type: none"> i. The address of the housing project. ii. The service manager iii. The housing provider iv. A legal description of the lands on which the housing project is located. v. A statement that the service manager and housing provider have entered into a service agreement that complies with the requirements prescribed under clause 101.2(1)(c)(i) of the HSA. vi. The effective date of the service agreement. vii. A statement that the housing project meets the criteria prescribed for the purpose of clause 68.1(1)(a) of the HSA. <p>If the housing project is not a designated housing project, a statement that the housing project is of a type prescribed for the purpose of subclause 101.2(1)(c)(ii) of the HSA.</p>
<p>105.1(2)(3)</p>	<p>TERM</p>	<p>The agreement must:</p> <ul style="list-style-type: none"> • have a term of not less than 10 years from the effective date; • state the term of the agreement; and • provide that the agreement continues in effect after the end of the term until: (A) the agreement is replaced with a new service agreement, or (B) the service manager and housing provider enter into an exit agreement and the exit agreement takes effect.

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
<p>105.1(2)(11) AND 105.1(2)(12)</p>	<p>SERVICE MANAGER FUNDING</p>	<p>The agreement must include a requirement for the service manager to provide funding to the housing provider, in respect of any units in the housing project where the household pays RGI, equal to the difference between the RGI payable by the household and the rent that would be payable if no RGI assistance was given in respect of the unit. The agreement must include provision for the following:</p> <p>Such additional funding or other financial assistance as the service manager and housing provider agree on in order reduce or defray the rent of households, other than households receiving RGI assistance.</p> <p>Such additional funding or other financial assistance as the service manager and housing provider agree is necessary to enable the housing provider to maintain the housing project in a satisfactory state of repair and fit for occupancy.</p>
<p>105.1(2)(13) AND 105.1(2)(14)</p>	<p>FINANCIAL PLAN</p>	<p>The agreement must include a financial plan for the housing project that will be reviewed at least every five years and that,</p> <ul style="list-style-type: none"> • has been jointly developed by the housing provider and service manager, • addresses how the housing provider’s revenues will meet expenditures for the housing project, including projected capital expenditures, • addresses how rent for units in the housing project, other than RGI, will be set, and • extends for a period of at least five years from the effective date of the agreement.
<p>105.1(2)(10) AND 105.1(2)(6)</p>	<p>MANDATE</p>	<p>The agreement must include a requirement for the service manager to provide funding to the housing provider, in respect of any units in the housing project where the household pays RGI, equal to the difference between the RGI payable by the household and the rent that would be payable if no RGI assistance was given in respect of the unit. The agreement must include provision for the following:</p> <ul style="list-style-type: none"> • Such additional funding or other financial assistance as the service manager and housing provider agree on in order reduce or defray the rent of households, other than households receiving RGI assistance. <p>Such additional funding or other financial assistance as the service manager and housing provider agree is necessary to enable the housing provider to maintain the housing project in a satisfactory state of repair and fit for occupancy.</p>

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
<p>105.1(2)(4), 105.1(2)(5), 105.1(2)(7) AND 105.1(2)(8)</p>	<p>SERVICE LEVELS</p>	<p>The agreement must specify the following number of units in the housing project, or a target or range of the number of units in the housing project in respect of which households shall receive</p> <ul style="list-style-type: none"> • RGI assistance. • an alternate form of assistance, if applicable <p>With respect to RGI units, the agreement must provide the following:</p> <ul style="list-style-type: none"> • the housing provider shall select households to occupy units and receive RGI assistance using the service manager’s selection system under section 47 of the HSA (waitlist). • A household shall not be eligible for RGI assistance unless the household meets the eligibility rules made under section 42 of the HSA (eligibility). • The amount of RGI payable shall be determined in the manner prescribed under section 50 of the HSA (RGI calculations). <p>If one or more households occupying units in the housing project are, on the date immediately before the effective date of the agreement, receiving RGI assistance under Part V of the HSA, the agreement must provide that such households shall continue to receive RGI assistance.</p> <p>If one or more households occupying units in the housing project are, on the date immediately before the effective date of the agreement, receiving RGI assistance other than under Part V of the Act in the housing project, the agreement must provide that such households shall continue to receive RGI assistance in accordance with their existing rights.</p>

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
147.1	<p>PROVISIONS OF HSA THAT CONTINUE TO APPLY</p>	<p>If the housing project was a Part VII housing project, the housing provider must still give the service manager the annual report for the last fiscal year that the housing project was a Part VII housing project.</p> <p>If a household was receiving RGI assistance under Part V of the Act in a unit in the housing project immediately before the housing project ceased to be a designated housing project, the following provisions of the HSA continue to apply in respect of the household while the household continues to occupy the unit:</p> <ul style="list-style-type: none"> • Section 50 of the Act and the regulations made under that section continue to apply for the purpose of determining the amount of the household’s RGI and for the purpose of binding the housing provider to that determination. • Section 52 of the Act and the regulations made under that section continue to apply for the purpose of determining the household’s continued eligibility for RGI assistance. • Section 53 of the Act and the regulations made under that section continue to apply for the purpose of giving notice of decisions in respect of the matters described in subparagraphs 1 and 2. • Sections 155, 156 and 158 of the Act and the regulations made under those sections continue to apply to a review of a decision in respect of the matters described in subparagraphs 1 and 2. • Section 159 of the Act and the regulations made under that section continue to apply for the purpose of determining the effective date of any decisions in respect of the matters described in subparagraphs 1, 2 and 4.

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
	REPORTING	No requirements under the HSA
	DEFAULT	No requirements under the HSA
	REMEDIES	No requirements under the HSA
105.1 AND 105.5	TERMINATION - EXIT AGREEMENT	<p>The housing provider and the service manager shall not terminate a service agreement except,</p> <ul style="list-style-type: none"> i. as part of replacing the service agreement ii. through an exit agreement <p>The service manager and housing provider may terminate a service agreement by mutually entering into an exit agreement. The date that a housing project ceases to be a Part VII.1 housing project is the date specified in the exit agreement. The exit agreement must state:</p> <ul style="list-style-type: none"> • that the service manager and housing provider intend for the housing project to cease to be governed under Part VII.1 of the HSA; • the date that the agreement is effective, which shall be not less than 30 days after the service manager and housing provider give notice to the Minister; • a plan for the following and such plan shall be implemented by the housing provider: • The accommodation of households who occupy units in the housing project, including a plan for the continued delivery of one of the following to each household who is in receipt of rent-gearred-to-income assistance: (A) RGI assistance (B) an alternate form of assistance, if applicable. • at least one of the following: (A) The continued operation of the housing project by the housing provider or another housing provider. (B) The redevelopment of the housing project by the housing provider or another housing provider. (C) The reinvestment of the proceeds of sale of the housing project into affordable housing.

SECTION OF O. REG. 367/11	TERM	LEGISLATIVE REQUIREMENTS
105.1(2)(15)	DISPUTE RESOLUTION	The agreement must include a dispute resolution process that the housing provider and service manager shall follow regarding alleged non-compliance with the agreement.
	INDEMNITY AND INSURANCE	No requirements under the HSA
HSA, 101.5(2)	SUCCESSOR HOUSING PROVIDER	If a housing provider transfers the operation of a Part VII.1 housing project to another housing provider, the successor housing provider is bound by the service agreement that is in effect in respect of the project. The successor housing provider is deemed to be the housing provider under the service agreement.
HSA, 101.5(3)	AMENDMENTS	The housing provider and the service manager shall not amend or replace a service agreement unless the amended agreement or replacement agreement continues to comply with the prescribed requirements under the HSA.

This table is designed to provide a general indication of agreement features in alignment with legislation, and does not represent legal advice or the components of an actual agreement. Each Provider and Service Manager should negotiate terms that fit their unique situation and manages compliance.

ONPHA has developed service and exit agreement templates for our members. For access to a copy that you can use as a starting point for your negotiations, contact policy@onpha.org.

STAY *tuned!*

Since the initial announcement of sector transformation by the Government of Ontario, ONPHA has been working closely with all key sector players and partners to (1) better understand the transformation and its ripple-effects on members and the sector as a whole; (2) identify key points of collaboration to action, and areas of divergence to address; and (3) ensure ONPHA's members (and housing providers across Ontario) are empowered and informed to embrace this transformed environment, which is important since the funding and regulatory framework for the sector has not changed in over 20 years. To organize our ongoing efforts, ONPHA recently launched the Community Housing Transformation Initiative (CHTI): a three-prong framework that seeks to provide the sector with tools and solutions to help them navigate the transformation ahead.

ONPHA's Community Housing Transformation Initiative (CHTI)



This guide is a key output of the 'Knowledge' prong of the CHTI, and will be continually updated as more relevant information about the sector is released and is available.

Stay informed on ONPHA's transformation efforts and the CHTI framework by visiting the [Community Housing Transformation Hub](#) on the ONPHA website. This summer, ONPHA will launch the Sector Transformation Enterprise Program (STEP), which will provide strategic, assessment, and implementation support.

QUESTIONS? COMMENTS?

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

NEED MORE SUPPORT?

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

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APRIL 27, 2023