

SH *notification*

social housing

Subject: New Service Agreement Framework for Ontario's Community Housing Sector

Legislation/Regulation

Operational

Release 22-04

This notification provides an overview of amendments to Ontario Regulation 367/11 under the *Housing Services Act, 2011* (HSA) regarding the new Service Agreement framework for community housing projects that are at the end of their mortgages and operating agreements.

These amendments will establish baseline rules for Service Agreements between Service Managers and housing providers whose original obligations to provide social housing have come to an end. These amendments will also clarify post end of operating agreement/end of mortgage (EOA/EOM) operating provisions and enable Service Managers and housing providers to enter into new operating arrangements that address local housing needs and conditions.

Background

As part of the multi-year Community Housing Renewal Strategy (CHRS), Ontario passed Bill 184, the *Protecting Tenants and Strengthening Community Housing Act, 2020*, creating regulation-making authority to protect and grow deeply affordable community housing supply, stabilize the sector, and ensure community housing is sustainable over the long-term for Ontarians who need it.

Service Agreements aim to address outdated and complex rules by streamlining and creating baseline rules to provide a level of consistency and accountability in how housing need is being met across Ontario.

Service Agreements will enable Service Managers and housing providers to negotiate more flexible funding approaches, incentivize housing providers to stay in the system once their current obligations expire and allow new housing providers to enter the system.

If a Service Manager and a housing provider do not want to enter into a Service Agreement and join the new community housing framework, they must enter into an Exit

Agreement to ensure that existing tenants are not displaced and longstanding public investments in community housing buildings are preserved.

What are Service Agreements?

A Service Agreement is a contract negotiated between the housing provider and the Service Manager for the provision of community housing under Part VII.1 of the HSA that stipulates terms regarding operations, administration, and funding arrangements.

What regulatory requirements apply to Service Agreements?

The Service Agreement framework establishes minimum requirements for:

- Baseline provisions to continue funding rent-geared-to income (RGI) units;
- Setting a minimum term length of 10 years;
- Selection rules for units where households will be receiving RGI assistance, to align with existing selection and waitlist rules under the HSA;
- The inclusion of a process to manage issues of non-compliance and dispute resolution; and
- Participation in regulated Housing Services Corporation (HSC) programs with current exemptions continuing.

What are the new funding rules and requirements under Service Agreements?

The new Service Agreement framework will include requirements that existing units continue to be funded in a sustainable way, bridging the gap between 30% of the household's income and the unit's rent. Service Managers and housing providers will be required to develop joint financial plans, to be reviewed every five years, to help ensure funding provided will sustain the tenants and the subsidized units during the Service Agreement.

Service Agreements will also allow Service Managers and housing providers to negotiate and include additional funding, where necessary, to keep projects in a satisfactory state of repair and provide other types of housing assistance to tenants (this could include property tax exemptions, for example). Service Agreements are to have a minimum term length of 10 years.

Selection Rules under Service Agreements

For units specified in Service Agreements where households will be receiving RGI assistance, the Service Agreement will need to outline that the housing provider will select households to occupy these units and receive RGI assistance using the Service Manager's selection system required under the HSA for Part VII housing projects.

Also, like Part VII housing projects, households will need to be selected for these units from the centralized waiting list for RGI assistance, and in accordance with existing eligibility, and provincial and local priority rules under the HSA.

Existing rules that allow housing providers to operate with specific mandates to serve a specified population will continue, and mandates will need to be specified in the Service Agreement.

How can new providers join this community housing framework?

New housing providers/projects can enter the new framework by signing a Service Agreement with the local Service Manager, subject to the Service Manager’s assessment of the project’s viability, condition of rental units and finances.

Can providers continue to access existing funding programs?

Housing providers who sign Service Agreements will be eligible to access funding opportunities through programs such as the Canada-Ontario Community Housing Initiative (COCHI) to support delivery of community housing.

When will these regulatory amendments come into effect?

Service Agreement regulations will come into force on July 1, 2022.

Will the delisting moratorium continue?

The delisting moratorium will continue until July 1, 2022, when the Service Agreement regulations come into force. After July 1, 2022, a housing provider looking to remove a housing project from the community housing system will need to enter into an exit agreement with the corresponding Service Manager in order to do so.

Further Information

The amended regulation is available through the following link:
<https://www.ontario.ca/laws/regulation/r22241>

The ministry plans to work with sector partners on guidance material to support implementation – including the negotiation of service agreements and dispute resolution processes.

Should you have any questions, please contact Michel Molgat Sereacki, Manager, Community Housing Equity and Supply Unit. Michel Molgat Sereacki can be reached by telephone at 416-873-1103, or by e-mail at michel.molgatsereacki@ontario.ca.

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