

Communiqué

Issue 2022-02

Date: June 1, 2022

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

<input checked="" type="checkbox"/>	Providers Under <i>Housing Services Act, 2011</i>
<input checked="" type="checkbox"/>	Providers Under a Federal Operating Agreement
<input checked="" type="checkbox"/>	Requirement
<input type="checkbox"/>	Recommendation
<input type="checkbox"/>	Guidelines
<input type="checkbox"/>	For Information Purposes Only

SUBJECT: AMENDMENTS TO HOUSING SERVICES ACT

As part of the Community Housing Renewal Strategy (CHRS, 2019), Ontario passed Bill 184, the *Protecting Tenants and Strengthening Community Housing Act* in July 2020, giving the Province authority to protect and grow deeply affordable community housing supply, stabilize the sector, and ensure community housing is sustainable for those who need it. Additionally, it allows for a more streamlined legislative framework for administration and delivery of community housing.

On March 31, 2022, The Ministry of Municipal Affairs and Housing (MMAH) shared a memo informing Service Managers across Ontario of changes to regulations under the Housing Services Act (HSA). As part of ongoing efforts towards social housing modernization, the Province has amended regulations in the following four areas of the HSA: service level standards, service and exit agreements, access system requirements, and income and asset limits.

This communicate is being sent to notify housing providers of upcoming changes that are likely to have impacts on the administration of social housing.

Service Level Standards

Service levels are a key accountability measure the Province utilizes to maintain its oversight of community housing, and the City is required to report on its progress toward meeting service levels annually. Mandated service levels have remained unchanged since 2001 and are disaggregated into three categories. The City is required to provide a

minimum of 9,257 units to households at or below the Household Income Limit (HIL) threshold, 5,174 units to households at the High Need (HNN) threshold, and 332 units to households in modified units. The HIL and HNN each have varying income thresholds based on the size of the unit.

The original regulations did not envision the wide range of programs that municipalities would offer through their own funding. To address this, the Province has amended Ontario Regulation 367/11 of the HSA to allow for additional types of Service Manager-funded housing assistance to contribute to existing service levels, effective July 1, 2022. The new regulations will permit the City to include eligible programs such as rent supplement and housing allowance benefits that meet a defined affordability measure or follow existing portable benefit calculation rules. Despite the update to service levels, the regulatory changes do not address or provide an accurate reflection of the level of community housing required in Hamilton.

The impact of this regulatory change on housing providers is limited. The City will review its community housing portfolio to identify existing programs that meet the criteria outlined in the new regulations and can be included when reporting on service levels. Additionally, future efforts will be made to design housing and rental assistance programs that meet the newly defined criteria and will contribute towards meeting service levels.

Service and Exit Agreements

Social housing in Ontario has a complex history. From 1964-1985, the creation of over 50,000 units were unilaterally funded by the Federal government, who entered into operating agreements and rent supplement contracts with clear end dates that often coincided with a project's mortgage maturity, and are generally referred to as End-of-Agreement (EOA). In 1986, a bilateral agreement was reached between federal and provincial governments to fund social housing. The Federal government continued to provide funds but played a greatly diminished role, as the Ontario government led the funding and administration of social housing. Approximately 38,000 units were created from 1986-1995, and these are referred to as Provincial Reform or End-of-Mortgage (EOM) projects.

To clarify the expectations of Service Managers and housing providers during EOA and EOM, the Province has amended Ontario Regulation 367/11 of the Housing Services Act, to establish baseline rules for Service Agreements between Service Managers and housing providers whose original obligations to provide social housing have come to an end, effective July 1, 2022.

As per the new regulations, when housing projects reach EOA or EOM they will be presented a choice of two options; continue to offer social and/or affordable housing under a new agreement within a new community housing framework, or meet the prescribed requirements necessary to exit the City's community housing portfolio. The requirements to be met when exiting the City's community housing portfolio will ensure existing tenants are

not displaced and longstanding public investment in community housing buildings is preserved.

As per the new regulations, agreements between Service Manager and housing provider will have established minimum requirements, including:

- 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 Service Corporation (HSC) programs with current exemption continuing.

Under the provincially legislated funding model, it is anticipated that several projects across the community housing portfolio will experience financial difficulty at EOA/EOM. To address this, Service Managers and housing providers will be required under the new regulations to develop joint financial plans to be reviewed every five years, to help ensure funding provided will sustain tenants and subsidized units.

New Service Agreements will also allow Service Managers and housing providers to negotiate to include additional funding, where necessary, to keep projects in a satisfactory state of repair and provide other types of housing assistance to tenants.

The City will review impacts of new regulations on existing policy and processes and explore financial and in-kind solutions to assist EOA/EOM projects to maintain their viability as community housing. Additionally, these new regulations will provide a boilerplate for new agreements at EOM/EOA. In order to enter into these new agreements, authorization will need to be provided by Hamilton City Council. It is anticipated that a report will be taken to Hamilton's Council following the municipal election in early 2023.

Access System Requirements

The Housing Services Act (HSA) currently defines access system requirements governing the administration of the centralized waitlist. Effective January 1, 2023, the Province has amended Section 10.2 of the HSA requiring a Service Manager to have an access system for providing additional types of housing assistance offered in its service area. The amended regulation expands to include rent supplements, portable housing benefits, housing allowances, flat rate benefits, and short-term/emergency financial assistance. The original regulations on coordinated access focused exclusively on RGI units, whether administered through social housing buildings or rent supplements.

The amended regulation will also require that the City identify and make public all housing assistance programs offered, details of each application process, and eligibility

rules or prioritization criteria unique to each program. Additionally, households being offered assistance must be notified in writing of the initial amount of assistance, description of method to calculate assistance and/or rent, the criteria for assessing continued eligibility for the assistance, and outline the effect, if any, this will have on households in receipt of Ontario Works or Ontario Disability Support Program.

The new access system requirements present an opportunity to modernize information sharing processes with existing tenants, applicants, and the public at-large.

To address the requirements outlined by the Province, the City will review its community housing portfolio and assess and update existing infrastructure to include programs that meet the criteria outlined in the new regulations. Additionally, the City will update its existing communications tools (e.g., application forms, website) to reflect changes required by new regulations. All changes impacting a housing provider's ability to administer social housing will be communicated in advance of implementation.

Upon implementation, existing tenants and new applicants will have access to all the necessary information required to make informed choices regarding which housing is most appropriate and how to apply.

Income and Asset Limits

To establish greater consistency across the province, effective July 1, 2023, Ontario Regulation 367/11 of the HSA is being amended to require Service Managers to set local income and asset limit rules to determine eligibility for RGI assistance. Currently, Hamilton is one of few jurisdictions across Ontario that have made the decision not to require income and asset limits for the purposes of determining eligibility for RGI.

When the new regulations come into effect in 2023, Service Managers without an already-established policy will be required to apply income and asset limits to the process of determining initial eligibility for RGI assistance (i.e., new RGI applicants) as well as for determining continued eligibility for RGI assistance (i.e., applications on waitlists, and households in receipt of RGI assistance). This will present a substantial change to the existing processes for eligibility and renewal.

Service Managers will have flexibility to set different income limits for units of different types and sizes and for units in different parts of their service area, although local asset limits will need to be set at least at \$50,000.

The new regulation to set income and asset limits is likely to require a significant change to existing policies and processes and will impact housing providers, and both new applicants and existing tenants in RGI units. Housing providers will be required to assess an applicant's income and assets as part of an eligibility review at the time of offer. This is likely to be resource intensive and time-consuming.



To better assess impacts when setting income and asset limits, a jurisdictional scan and external consultation process will be undertaken before a recommendation is brought to Council early in 2023. All changes to the administration of social housing and the necessary training for housing provider staff will be communicated to housing providers in advance of implementation in 2023.

For the specific regulatory changes made by the Province, visit the following links:

Service and Exit Agreements:

<https://www.ontario.ca/laws/regulation/r22241>

Service Level Requirements (See Schedule 4.2 and Schedule 4.3), Access System Requirements, and Income and Asset Limits:

<https://www.ontario.ca/laws/regulation/r22242>

Please contact your Housing Administration Officer if you have any questions or require further information.

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