



## BOARD REPORT

REPORT No.: 2022-28

MEETING DATE: MAY 19, 2022

SUBJECT: HOUSING SERVICES ACT 2011 - REGULATORY AMENDMENTS

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### RECOMMENDATION

For information only.

### REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with information on the regulatory changes to the *Housing Services Act, 2011* as announced by the province of Ontario on March 31, 2022.

### BACKGROUND

In April of 2019, the Ontario government launched the Community Housing Renewal Strategy which outlined the government's plan to stabilize and grow the community housing sector. As part of the Strategy, the government committed to work with community partners to explore changes to the legislative and regulatory environment for community housing, with the goal of creating a more streamlined approach that will incent non-profit and co-operative housing providers to stay in the system once their original obligations end. TBDSSAB had key staff participate in technical tables and discussion forums to offer insight and local experience into the process.

On March 31, 2022, the Ontario government announced a new regulatory framework under the *Housing Services Act* (HSA), designed to make the community housing system sustainable over the long-term. The new framework encourages housing providers to remain in the system by signing service agreements once they reach their end of mortgage/end of operating agreement. This will support the protection of critical community housing supply and encourage housing providers to continue to offer deeply affordable rents for Ontario households.

These changes will also improve efficiency and update accountability rules to encourage new programs that meet local housing needs. These changes will begin to come into effect on July 1, 2022, with full implementation required by July 1, 2023.

## COMMENTS

On March 31, 2022, MMAH announced four regulatory changes, covering several areas under the HSA. These changes included:

### **New Access System Requirement**

The province has designed legislative changes to Section 10.2 of the HSA that come into effect on January 1, 2023. This section amends the HSA to require a Service Manager to have an access system for providing assistance related to housing in its service area. The assistance includes rent-geared-to-income (RGI) assistance, any form of assistance described in regulation, and any specified program approved by the Minister.

Effective January 1, 2023, Ontario Regulation 367/11 will be amended to outline that the access system will include any form of financial housing assistance that is:

- Provided in respect of households and that either reduces the rent that a household must otherwise pay, or is to assist the household in paying rent, and
- Funded or administered, or both, by the Service Manager.

When households are offered a form of assistance in the access system that is administered by the Service Manager, the household must be notified, in writing, of:

- The initial amount of the assistance, and a description of the method used to calculate the assistance, or if the assistance is provided in the form of reduced rent (e.g., RGI assistance), a description of the method used to calculate the rent
- A description of the criteria for assessing continued eligibility for the assistance, and
- Any effect that receiving this assistance will have on basic financial assistance that a member of the household is receiving under Ontario Works or the Ontario Disability Support Program.

Internal processes and documents will need to be reviewed and amended or updated to include the provisions of the new system requirements, including the online housing system Rent Café and the housing application and guide.

### **Amendment to Service Level Rules**

The purpose of this amendment is related to service level rules. Current service level rules recognize only rent-geared-to-income (RGI) assistance in accordance with specific calculation and waitlist rules, as well as Service Manager-funded portable housing benefits (PHBs) that follow these waitlist rules.

Effective July 1, 2022, Ontario Regulation 367/11 will be amended to allow additional types of Service Manager-funded housing assistance to count towards existing service level standards (SLS) when:

1. Households (other than households receiving social assistance) pay no more than 30% of their adjusted family net income on rent, **OR**
2. Are provided a benefit that follows existing PHB calculation rules and serves/prioritizes any client group (i.e., no requirement to follow RGI waitlist eligibility, priority, and selection rules).

Any form of housing assistance that meets either of these requirements may be included towards a Service Manager's service levels. The regulation amendment also includes Service Manager-funded forms of housing assistance that serve social assistance clients when the household pays no more than their social assistance shelter allowance towards rent.

Historically TBDSSAB has been below the SLS requirements, and this provides an opportunity for units within the Urban Native Housing Programs (UNH) to be counted towards the SLS.

The housing application and guide will be updated to include eligibility requirements and a description on how to apply for previous UNH units and for any other forms of assistance that can be accessed by the public, such as affordable housing units (TBDSSAB 8 Plex units) or Canada Ontario Housing Benefit (COHB). TBDSSAB currently has 32 COHB subsidies.

### **Amendments to Local Eligibility Rules Related to Income and Asset Limits**

The purpose of this amendment is related to local income and asset limits eligibility rules for rent-geared-to-income (RGI) assistance. Ontario Regulation 367/11 is being amended to require Service Managers to set local income and asset limit rules to determine eligibility for RGI assistance.

Currently, under the HSA, Service Managers can set local income and asset limit eligibility rules for RGI assistance, but the HSA does not require Service Managers to do so, leading to inconsistencies in how eligibility for rent-geared-to-income assistance is determined across the province.

Under this amendment, Service Managers are required to:

1. Set local income limits at least at the Household Income Limits (HILs) prescribed for their service area under Ontario Regulation 370/11.
  - In alignment with RGI calculation rules in Ontario 316/19, household income will be based on net income (i.e., line 23600) as indicated on the

notice of assessment of household members, less any Registered Disability Savings Plan income and plus any Registered Disability Savings Plan amounts repaid (income of full-time students will be excluded from determining household income).

- Service Managers will continue to have flexibility to set different income limits for units of different types and sizes and for units in different parts of their service area.
  - Service Managers will continue to have flexibility to exclude payments from household income (e.g., universal child care benefits).
2. Set local asset limits at least at \$50,000.
- Service Managers will be allowed to set different asset limits by household size and type (e.g., senior households). Service Managers will continue to have flexibility to set different asset limits for units of different types and sizes and for units in different parts of their service area.
  - The current list of required asset exclusions in regulation will be updated so that registered retirement plans (i.e., Registered Retirement Savings Plans and Registered Retirement Income Funds) are excluded from the value of household assets.
  - Service Managers will continue to have flexibility to exclude additional assets from the value of household assets (e.g., compensation payments for pain and suffering).
3. Periodically review and update their local income and asset limit rules, at their discretion.
- Although no specified period for this requirement will be outlined in regulation, Service Managers are encouraged to review their local income and asset limit rules as part of their periodic review of local Housing and Homelessness Plans.

This amendment will come into force on July 1, 2022. Service Managers will have a flexible one-year implementation period from the in-force date to meet the new requirements. All Service Managers must comply with the new requirements by July 1, 2023.

TBDSSAB never set asset limits, and as such, Administration will prepare a recommendation to set a local limit and present to the Board for approval. Administration would look to engage with community partners in consultation efforts to gain feedback amounts and impacts.

## **New Service Agreement Framework**

The purpose of this amendment is related to 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 ended. 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.

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.

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.

For units specified in Service Agreements where households will be receiving RGI assistance, the Service Agreement will 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.

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

This new Service Agreement regulation will come into force on July 1, 2022. MMAH has committed to work with sector partners on guidance material to support implementation including the negotiation of service agreements and dispute resolution processes.

TBDSSAB will be required to review the guidance material and create the required agreements. Administration will look to provide information sessions for housing providers to share guidance on the new community housing framework.

At the October 21, 2021 meeting, the Board received a report on Non-Profit Housing Providers Expiry of Mortgages (Report No.: 2021-49). This report outlined the current funding relationship between TBDSSAB, and the non-profit community housing providers included in the HSA. The report also detailed options for continuing a funding relationship post expiry of a non-profit housing provider mortgage, include the continuation of the existing subsidy payment less mortgage amount, establishing a new funding formula based on actual and estimated expenses, or establishing a rent supplement agreement that supports individual units based on tenant rent-gear-to-income calculations.

From this report, Resolution No. 21/68 stated, *“as the new regulations for the Housing Services Act are developed and released, a full review and recommendation on the future status of non-profit housing provider relationships will be developed and presented”*. Now that the revised regulations have been released, Administration will review and present a report to the Board in the coming months.

Further, the new regulations will impact the current Social Housing Administrative Guide and Local Service Standards (local rules), and as such, revisions will be presented to the Board for review and approval at a future meeting.

### **STRATEGIC PLAN IMPACT**

There are no direct correlations to the current strategic plan.

### **FINANCIAL IMPLICATIONS**



There are no financial implications associated with this report.

### **CONCLUSION**

It is concluded that this report provides the Board with information on the regulatory changes to the *Housing Services Act, 2011* (HSA) as announced by the province of Ontario on March 31, 2022, and the potential impacts on TBDSSAB activities. A detailed report on the changes required in the Social Housing Administrative Guide and Local Service Standards and on the future status of non-profit housing provider relationships will be presented at a future meeting.

**REFERENCE MATERIALS**

Attachment #1 [Letter from the Honourable Steve Clark, Minister of Municipal Affairs and Housing, dated March 31, 2022](#)

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Ontario

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March 31, 2022

Dear Heads of Council and Chairs of District Social Services Administration Boards:

In April of 2019, our government announced the Community Housing Renewal Strategy (CHRS) which outlined our plan to work with Ontario's partners in municipalities, non-profits, and housing co-ops to stabilize and grow the community housing sector.

We have already made great progress achieving these objectives as evidenced by the *Protecting Tenants and Strengthening Community Housing Act, 2020* (Bill 184), which supports our government's plan to ensure all Ontarians can find a home that meets their needs and budget.

Our government has delivered on the CHRS by:

- Launching programs under the **National Housing Strategy** to maintain affordability and rental support for households, grow community housing supply, and connect households with opportunities for homeownership;
- Providing over 9,000 low-income households with portable housing benefits (PHB) through the Canada-Ontario Housing Benefit (COHB);
- Making life easier and safer for tenants and housing providers by simplifying Rent-Geared-to-Income (RGI) rules, changing waitlist rules to allow vacant units to be filled more quickly, and limiting access for those previously evicted for criminal activity; and
- Passing amendments made to the *Housing Services Act, 2011* to enable the creation of a new regulatory framework for community housing that is more efficient and better meets households' needs.

It is with great pride that I can inform you that our government is introducing a new regulatory framework under the CHRS. The new regulatory framework responds to our extensive consultation with the sector and stabilizes Ontario's community housing system for those who live and work in it.

We have made regulatory changes to protect much-needed community housing across the province and make sure the system is sustainable over the long term.

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The new community housing framework encourages housing providers to remain in the system by signing service agreements. This will protect critical community housing supply and encourage housing providers to continue to offer deeply affordable rents for tens of thousands of Ontario households.

These changes will ensure community housing is there for the people who need it most by requiring Service Managers to set local income and asset limits and continuing to prioritize survivors of domestic violence and human trafficking for rent-geared-to-income assistance.

These changes will also improve efficiency and update accountability rules to encourage new programs that meet local housing needs.

These changes will begin to come into effect on July 1, 2022, with full implementation by July 1, 2023.

For your information, copies of the regulations are posted here:

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

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

On behalf of our government, I would like to extend our thanks for your work in developing the new framework. We look forward to continuing to work with our municipal partners to develop guidance material to support implementation of these changes in local communities over the coming months.

Sincerely,



Steve Clark  
Minister