



KATHERINE CHISLETT
Commissioner Community and Health Services

February 18, 2022

Via Email: neshalia.mohindra@ontario.ca

Ms. Neshalia Mohindra
Manager, Community Housing Renewal Unit
Ministry of Municipal Affairs and Housing
777 Bay St., 14th Floor
Toronto, ON M7A 2J3

Dear Ms. Mohindra:

**Re: York Region's Response – Areas of Proposed Regulation Development under the
*Housing Services Act, 2011***

On behalf of the Regional Municipality of York, thank you for the opportunity to comment on areas of proposed regulation development under the *Housing Services Act, 2011*, related to service agreements, service levels and access systems. This letter outlines high-level principles to inform the development of new regulations, with staff recommendations provided in Attachment 1. Due to timing, it was not possible to bring our response to Regional Council prior to the submission deadline. This item will be considered by Council in April 2022 and any additional comments from Council will be provided to the Ministry of Municipal Affairs and Housing in late April.

As the Province of Ontario has outlined in the Community Housing Renewal Strategy, the community housing system has become increasingly complex for residents, housing providers and Service Managers. The Region is encouraged by the Province's efforts to ensure a streamlined and sustainable community housing system. We are committed to strengthening York Region's local housing system and continuing to work with housing providers as critical stakeholders in delivering safe, affordable housing options to residents in need.

As outlined in local 10-year housing and homelessness plans, Service Managers have a strong understanding of our communities, including the types of housing supports residents need and the diverse funding needs of housing providers. Regulatory changes related to these areas must empower Service Managers in their role as the level of government responsible for funding and delivering community housing. As System Steward, the Province can identify key outcomes for the broader system and grant Service Managers flexibility to develop local policies, programs and service agreements to achieve defined outcomes. Service Managers will continue to be accountable and report on progress through local 10-year housing and homelessness plans. A flexible, outcomes-based policy framework would ensure Service Managers can adequately direct resources to support residents in need and advance provincial priorities.

Housing providers are an essential part of the housing system. Regulations must allow Service Managers to work directly with individual housing providers to customize agreements and

funding arrangements based on their needs to support their long-term sustainability and that of the larger housing system.

The Region encourages the Province to continue working alongside Service Managers to develop regulations based on the following guiding principles:

- **No new costs:** Municipalities in Ontario are responsible for delivering and funding community housing through the property tax system, unlike any other province or territory in Canada. The potential addition of further costs and/or service delivery requirements on the property tax base through regulation is unreasonable and unsustainable
- **Local flexibility:** Service Managers are best positioned to plan for the needs of their communities. Regulations should provide flexibility to meet local housing needs and priorities as identified in Service Managers' 10-year housing and homelessness plans, while greater consistency between service areas can be established through broader provincial outcomes for the system
- **Pay for say:** As the primary funders of community housing in Ontario, the Province should continue engaging with Service Managers on the development of regulations to ensure any policy and regulatory frameworks allow Service Managers to guide investments based on local needs

The Region supports the Province's intentions to ensure regulatory changes create a foundation for mutually-beneficial relationships between Service Managers and housing providers, modernize accountability and improve access to housing assistance for people most in need. To achieve these goals, it is critical that the Province engage Service Managers in the regulatory development process as the level of government best positioned to meet local needs. We look forward to continued engagement in developing and finalizing new regulations.

Should you have any questions or require more information about the Region's recommendations, please contact Jody DeGagne, Director, Housing Strategy and Program Delivery at Jody.DeGagne@york.ca.

Sincerely,



Katherine Chislett
Commissioner, Community and Health Services

Attachment (1)

Copy: Kathy Milsom, General Manager, Housing Services
Jody DeGagne, Director, Housing Strategy and Program Delivery

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York Region Comments on Areas of Proposed Regulation Development under the *Housing Services Act, 2011*

The Ministry of Municipal Affairs and Housing (MMAH) is proposing changes to *O. Reg. 367/11* under the *Housing Services Act, 2011*. MMAH is seeking feedback on three areas:

1. Service Agreements, including Exit Agreements
2. Service Level Requirements
3. Access

Areas of Proposed Regulation Development	York Region Recommendations
<i>Service Agreements</i>	
<ul style="list-style-type: none"> Currently, operating rules for housing projects vary and are based on what legacy housing program the project was created under. A new regulatory framework will incent housing providers to stay in the system once original obligations end and allow new providers to enter the system through a service agreement with Service Managers. Service agreements with housing providers may include operating obligations for the housing provider, as well as funding obligations or incentives from the Service Manager. MMAH is seeking feedback on baseline provisions that could be included in service agreements that allow for a 	<ul style="list-style-type: none"> York Region supports baseline rules and requirements for service agreements that maintain Service Manager authority to govern the community housing system, as its primary funders. Regulations should re-affirm the Service Managers' role as being responsible for administration, funding, operations, and governance, and should continue to include definitions of triggering events and remedies available to Service Managers to address them. Such provisions are necessary to ensure accountability for taxpayer funding. The Province should establish a simplified reporting framework to reduce the complexity of reporting for Service Managers and housing providers, which could be achieved through 10-year housing and homelessness plan progress reports, which are already mandated by the Province. New service agreements must be flexible, consider local context, provide budget predictability, and be supported by data. Housing providers should have the autonomy to manage their assets through service agreements and accountability frameworks. This would respect their role as critical stakeholders in the system.

Areas of Proposed Regulation Development	York Region Recommendations
flexible operating environment to meet local housing needs.	<ul style="list-style-type: none"> • The Region recommends moving away from the existing prescriptive funding formula approach and allow a right-sized approach that funds the specific needs of individual housing providers. • The Region supports baseline funding provisions that allow Service Managers to align funding to housing providers' needs. Housing providers have a range of operational and capital needs that cannot be addressed by a one-size-fits-all funding formula. • In York Region, a prescriptive funding formula would overfund 55% (18) of Part VII housing providers, while underfunding 45% (15) over the next 40 years, making it difficult to address local and provincial needs including ensuring the existing supply of community housing remains in good condition and increasing supply through agreements with new providers. • New regulations must not result in additional costs to Service Managers. Any savings generated from the elimination of mortgage subsidies should remain in the housing and homelessness system, to be reinvested through priorities articulated in 10-year housing and homelessness plans such as addressing housing provider capital repair needs, increasing supply, and expanding housing assistance to residents. For example, the end of Part VII mortgages creates an opportunity for the Region to reinvest approximately \$28.9 million annually, or \$1 billion over the next 40 years, into the above priorities, as reported to Council in December 2020 (report; attachment). • A flexible service agreement framework is also needed to encourage providers not subject to the <i>Housing Services Act, 2011</i> to remain in the system. For example, in York Region housing providers with contribution agreements under new affordable housing capital programs receive ongoing program support and some have received rent subsidies from the Region. The service agreement framework must be flexible enough to allow Service Managers the ability to enter into new agreements with these providers as their contribution agreements expire to preserve supply.

Areas of Proposed Regulation Development	York Region Recommendations
<p><i>Exit Agreements</i></p> <ul style="list-style-type: none"> Proposed regulatory amendments would allow housing providers to exit the community housing system through exit agreements with Service Managers. MMAH has proposed that future regulations set out baseline rules and requirements for a housing provider to exit the system, including protecting tenants and public investment in the system. 	<ul style="list-style-type: none"> Exit agreements must be at the discretion of the Service Manager, based on priorities articulated in 10-year housing and homelessness plans. For example, the Region's 10-year plan includes goals of increasing supply and helping residents find and keep housing. Creating a framework for housing providers to exit the system would challenge the Region in meeting its goals, impact its ability to house applicants from the subsidized housing wait list, and risk not meeting provincially prescribed service level standards. York Region already has the lowest number of legacy social housing units relative to its population compared to other Service Managers participating in Municipal Benchmarking Network Canada reporting, at 16 units per 1,000 households in 2020. While respecting the goals and priorities of individual housing providers, exit agreements should also protect significant historical investments from the municipal tax base and other levels of government. In addition to initial capital funding housing providers received from the federal and/or provincial governments, it is estimated that York Region has invested over \$500 million into transferred housing providers since download. This number does not include new investment into the system in rent supplements or new development. Public investments in the community housing system would be lost if community housing providers are permitted to exit the system.
<p><i>Service Level Requirements</i></p> <ul style="list-style-type: none"> Current service level standards were designed to only measure RGI assistance, and do not incent Service Managers to provide different types of 	<ul style="list-style-type: none"> York Region supports MMAH's consideration to allow a broader range of housing assistance to count towards service levels. This would recognize the significant role Service Managers play in funding and delivering additional funding programs beyond RGI and provide flexibility to meet obligations within their local context.

Areas of Proposed Regulation Development	York Region Recommendations
<p>housing assistance matched to household need.</p> <ul style="list-style-type: none"> • MMAH is considering opportunities to allow a broader range of types of housing assistance to count towards service levels. • MMAH is seeking feedback on the types of housing assistance that could be counted towards service levels beyond RGI assistance and portable benefits that follow framework rules. • Previously, local eligibility rules, including income and asset limits, were set at the Service Manager's discretion following minimum requirements set through provincial regulation. 	<ul style="list-style-type: none"> • All programs that increase housing affordability in line with 10-year housing and homelessness plan objectives should count towards service levels. This would reflect new investment and innovation Service Managers have made in the housing system since responsibility for housing was transferred to the municipal level. For example, York Region voluntarily funds approximately 300 households through a Regionally designed and funded Rent Assistance program, which, like RGI, houses wait list applicants and uses income tax information to calculate subsidies. The program was designed to provide deeper affordability in newer developments, which often have rent rules tied to average market rents. Despite providing a similar benefit to RGI, these units cannot currently be counted towards service levels. • All rent subsidies should be counted towards service levels, regardless of whether it is directly funded by the Service Manager or under an internal subsidy program developed by a housing provider. For example, the Region's housing corporation, Housing York Inc. (HYI), internally subsidizes units providing residents with a depth of affordability equal to RGI and allowing HYI to house applicants from the Region's wait list. Although these programs benefit residents and contribute to local and provincial housing priorities, they are not reflected in provincial reporting. • There cannot be a requirement for municipalities to invest additional funding into the system beyond what is currently mandated. Any increase in service levels that impose additional costs on Service Managers cannot be absorbed by the property tax base and instead should be contingent on new and ongoing operating funding from the federal and/or provincial governments.

Access

- Currently, Service Managers must maintain a centralized waiting list for RGI assistance and set eligibility and local
- Current eligibility rules outlined in *O. Reg. 367/11* set reasonable minimum requirements to assess housing need. Should the Province establish additional baseline requirements – such as mandatory asset limits – **it is important to consider alignment with other programs, including social assistance, to**

Areas of Proposed Regulation Development	York Region Recommendations
<p>priority rules for selecting households from the wait list.</p> <ul style="list-style-type: none"> • The Province outlines basic eligibility rules for RGI. These rules apply to legacy social housing providers until their obligations under original operating agreements and mortgages end. • MMAH is seeking feedback on housing assistance that could be included in the access system, possible requirements for the access system, and potential baseline rules, such as eligibility and priority rules for the forms of assistance so that households with affordability needs continue to be supported to access assistance. 	<p>improve system navigation for residents and human service integration efforts.</p> <ul style="list-style-type: none"> • Service Managers should have discretion to determine which benefits are allocated through the access system. The Region supports including other types of housing assistance in the access system where it makes sense to do so, including shorter-term subsidies or those that do not provide the same depth of affordability as RGI. Not all residents need the same depth or duration of assistance. Service Managers deliver a wide range of benefits – some of which are intended to help residents on a short-term or immediate basis to prevent eviction – and the Province should not mandate their inclusion in the access system. • The Region does not recommend the Province establish new priority rules for assistance, and instead leave these as matters of Service Manager discretion to best address local needs. Applicants under the existing provincially mandated Special Priority category for survivors of domestic violence and human trafficking are still subject to lengthy wait times. The community housing system is unable to provide timely support to Special Priority applicants, and while recent portable benefits have helped some applicants, others have more complex needs and require support services and assistance locating housing. Additional priority categories may further extend wait times for all applicants, including those with priority status, and create further challenges in assessing applicant eligibility for those priorities. The Province should instead provide increased funding dedicated to supporting survivors of domestic violence and human trafficking, in addition to targeted funding for other vulnerable groups, rather than mandating Service Managers to add new priority categories.