



Report of the Commissioner of Community and Health Services
**Strengthening and Sustaining Community Housing through York Region's
Service Agreement Framework**

1. Recommendations

1. Council approve York Region Service Agreement Framework (Attachment 1).
2. Council authorize Regional staff to negotiate Service Agreements, and any ancillary documents required, with housing providers operating Part VII housing projects under the *Housing Services Act, 2011*, as they reach the end of mortgages on their buildings, in accordance with Approach for Negotiating York Region Service Agreements (Appendix A).
3. Council authorize the Commissioner, Community and Health Services to determine, in consultation with the Regional Solicitor, the terms and conditions of Service Agreements, Exit Agreements and any ancillary documents required, in accordance with applicable provincial statutes and regulations.
4. Council authorize the Commissioner, Community and Health Services to enter into Service Agreements with eligible housing providers, and execute all related documents on business terms satisfactory to the Commissioner and legal terms satisfactory to the Regional Solicitor.
5. Council authorize the Commissioner, Community and Health Services to enter into Exit Agreements with providers that operate housing projects designated under Part VII and Part VII.1 of the *Housing Services Act, 2011* as deemed necessary by the Commissioner, and execute all related documents on business terms satisfactory to the Commissioner and on legal terms satisfactory to the Regional Solicitor.

2. Purpose

As Service Manager, York Region is mandated to oversee and fund community housing providers. Regulations under the *Housing Services Act, 2011* enacted in March 2022, fundamentally change the relationship between Service Managers and housing providers that operate Part VII housing projects under the *Housing Services Act, 2011* when their mortgages end. Regulations allow Service Managers to enter into Service Agreements with housing providers, shifting from the current

Provincially-mandated fixed funding formula. The primary purpose of these agreements is to set out the amount of funding the Region will provide, as well as administrative and operational requirements, in return for continued participation in the community housing system. This report seeks Council approval on recommended approach for Service Agreements to guide staff negotiations with Part VII housing providers.

Key Points:

- Community housing buildings are governed by various Federal and Provincial programs or legislation. “Part VII housing provider” refers to operators of community housing buildings constructed under senior government programs in the 1980s and 1990s and transferred to the Region’s responsibility in 2001. There are 32 such housing providers in York Region, including Housing York Inc., representing 4,319 total units, of which HYI owns 1,025 units
- The end of mortgages for housing projects operated by Part VII housing providers represents a significant opportunity to adjust operational and funding arrangements to better support providers’ individual needs through new Service Agreements, in line with new minimum requirements set out in *Ontario Regulation 367/11*
- Service Agreements are recommended to have a 20-year term to ensure stability within the system, focused on sustaining assets, protecting Regional investment, and preserving affordable housing options for residents
- As mortgages end, there is a significant reduction in operating expenses. This will allow the Region to address providers’ current and future capital repair needs over the span of Service Agreements, which have been underfunded by the current Provincially-mandated funding formula. The Region may also realize mortgage savings to reinvest in the system. After addressing providers’ capital repair needs, initial projections estimate approximately \$219 million in net mortgage savings over 20 years
- Providers may request to leave the community housing system through Exit Agreements; however, given the limited supply of community housing in the Region relative to demand, and the Region’s commitment to preserve existing supply, Exit Agreements would only be considered in very limited circumstances that align with regulations
- Appendix A provides the recommended goal, guiding principles, and approach to negotiating Service Agreements with these housing providers when their mortgages end. Attachment 1 details how staff would operationalize regulatory requirements

3. Background

As Service Manager, York Region is responsible for funding and administering community housing

The Region became responsible for funding and administering community housing in 2001 when the Province transferred its housing obligations to 47 municipal Service Managers. Community housing is a critical part of the housing continuum (Figure 1), providing essential subsidized rental housing

options for households with low and moderate incomes. Community housing projects also provide rental housing at varying market rents which offer additional housing options for residents.

Figure 1
The Housing Continuum



The Region fulfills its Service Manager responsibilities through the Housing Services Branch and 43 housing providers, including non-profits, cooperatives, and Housing York Inc. (HYI). As Service Manager, the Region is mandated by the *Housing Services Act, 2011* for the following:

- Maintaining a wait list for subsidized housing
- Funding rent subsidies and maintaining a legislated minimum service level of 3,988 rent-geared-to-income (RGI) units for households with low income, following Provincial subsidy rules
- Ensuring community housing providers comply with Provincial legislation and funding agreements
- Establishing local eligibility rules, policies, programs and services for community housing
- Allocating and administering funding for Federal and Provincial housing programs
- Developing and implementing a housing and homelessness plan for a minimum period of 10 years

Province made transformational legislative and regulatory changes for housing providers governed under Part VII of the *Housing Services Act, 2011*

As System Steward, the Province sets the overall vision and legislative and policy framework for Service Managers and housing providers. The *Housing Services Act, 2011* includes a prescribed funding formula for Part VII providers tied to mortgages and other operational costs; however, it did not contemplate the operating or funding model after the mortgage ends. Continuing to follow the prescribed funding formula after mortgage maturity would result in overfunding some providers and underfunding others due to differences in their operational and capital needs, as previously communicated to Council in [September 2020](#) and [December 2020](#). York Region was instrumental in

identifying the scale of this issue, led a task force to develop a Service Manager Position Paper endorsed by Council, and worked with other Service Managers to help inform new regulations.

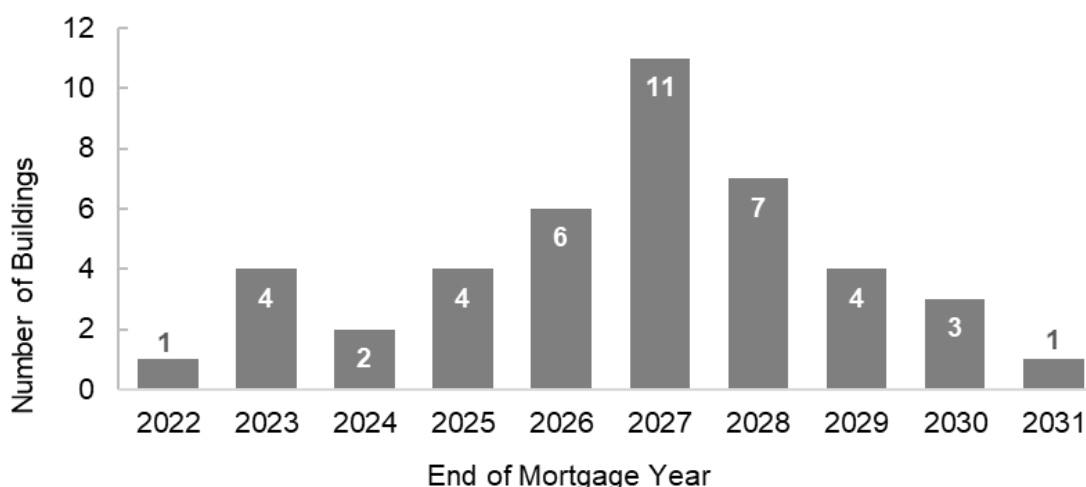
In [March 2022](#), the Province released new regulations (*O. Reg 241/22* and *O. Reg 242/22*), to address this issue. Regulations amend the *Housing Services Act, 2011*'s General regulation (*O. Reg. 367/11*) to set requirements for new Service Agreements between Service Managers and housing providers after the mortgage ends. Regulatory amendments generally align with the Region's recommendations to the Province and reflect significant and positive change for the future of the community housing system.

Regulatory changes better support local needs through new Service Agreements, allowing Service Managers to right-size funding based on housing providers' operational and capital needs

In York Region, there are 32 Part VII housing providers, including HYI, that own and operate 43 buildings. Non-profit and co-operative providers own 3,294 units, and HYI owns an additional 1,025 Part VII units. Part VII providers represent approximately 62% of York Region's total community housing portfolio (4,319 of 6,982 total units). York Region's Part VII housing providers, including HYI, have mortgage maturity dates ranging from 2022 to 2031 for their 43 buildings, as shown in Figure 2.

Figure 2

Part VII Buildings by Mortgage Maturity Date, 2022-2031



Following the end of housing providers' mortgages, the *Housing Services Act, 2011* now permits housing providers and Service Managers to enter into a Service Agreement for continued operation of community housing as a "Part VII.1 housing project". Service Agreements provide a significant opportunity to modernize the operating and funding framework for community housing to better align with local needs. The regulation sets minimum requirements:

- Must state that the Service Manager and housing provider intend the housing project to be governed under Part VII.1 of the *Housing Services Act, 2011* (the part of the Act that sets out requirements for continued participation in the system following mortgage maturity)
- Must have a term of at least 10 years
- Must include a minimum 5-year financial plan developed jointly by Service Manager and housing provider to address how:
 - Housing providers' revenues will meet expenditures, including projected capital expenditures
 - Unit rents (or housing charges, for co-operatives) in the housing project will be set
- Service Managers must provide funding for RGI assistance, equal to the difference between 30% of household's net income and the unit's rent
- Service Managers may provide additional funding, such as to maintain the housing project in a satisfactory state of repair and fit for occupancy
- Must specify a target or range of units that will receive RGI or, if applicable, an alternate form of assistance, which would allow the Region to make adjustments to simplify subsidy calculations while continuing to meet mandated Service Levels
- Must continue to fill RGI units through Service Manager's subsidized housing wait list following existing eligibility rules and priority rules for survivors of domestic abuse and human trafficking
- Must include a dispute resolution process for alleged non-compliance with the Service Agreement

4. Analysis

While Service Agreements move away from a Provincially-mandated funding formula, regulations require Service Managers to continue funding housing providers

Under Service Agreements, the Region will no longer be required to fund providers based on a fixed funding formula. Instead, regulations require funding arrangements be set out in a financial plan for the project, jointly developed by the Region and housing provider. This change allows the Region to better ensure each provider is sustainable over the long-term and avoid over- or under-funding. The Region must continue to provide funding for RGI, and the financial plan must address how providers' revenues will meet expenditures for the project, including projected capital expenditures.

York Region's proposed approach will guide negotiations with housing providers, with a focus on long-term sustainability of the system

The goal of the Region's approach to Service Agreements is to establish sustainable and mutually beneficial partnerships with housing providers that protect and strengthen the community housing system to support current and future residents. Principles guiding this work recognize:

- The need for shared accountability in delivering affordable, quality housing to residents with low and moderate incomes
- Community housing is a valuable publicly funded asset that must be maintained and retained
- Housing providers need appropriate autonomy to manage their assets
- As a fiscally responsible government, the Region will ensure appropriate funding levels

The proposed approach (Appendix A) is informed by consultations with individual housing providers throughout 2023, as well as broader in-person and virtual engagement sessions with providers. It was also informed by a Province-wide Service Manager Technical Table, which included York Region staff, to establish best practices while leaving flexibility to adapt to local contexts.

The approach builds on minimum regulatory requirements to consider unique operational and capital needs of housing providers in York Region. Attachment 1 details how staff intend to operationalize the approach, such as eligibility criteria, housing provider obligations, registration of securities on title, delivery of RGI, and Exit Agreements. Terms to be established in the Service Agreements include the agreement term, number of RGI units, unit rents, provision of capital and operating funding, oversight, and protections for the asset.

A negotiated financial plan within the Service Agreement will outline funding arrangements, tailored to each housing provider's needs

While the end of a mortgage represents a significant reduction in operating expenses, housing providers still have other operational and capital repair needs. A negotiated financial plan is a key component of the Service Agreement to ensure providers' funding needs are met. Each provider's financial plan will be reviewed at least every five years and adjusted as needed. Financial plans will consolidate all funding sources and expenditures to demonstrate how the housing provider's total revenues will cover expenses, including projected capital expenditures. Financial plans will also address how unit rents (or for co-operatives, housing charges) will be set.

Service Agreements must address housing providers' capital repair needs, which have been underfunded by the current Provincial funding formula

When the Province transferred responsibility for funding and administration of community housing to Service Managers in the early 2000s, the program transfer did not include adequate funding for current and future capital needs. Housing providers are prohibited from renegotiating or extending their mortgages to raise the funds needed. Without Regional assistance, housing providers have had no means of securing the additional funding required to maintain their buildings.

The current estimated housing repair backlog is [\\$90 million](#) for these housing providers. The cost is expected to increase as construction costs continue to rise. According to Statistics Canada's Residential Building Construction Price Index, residential construction costs for the Toronto Census Metropolitan Area increased by approximately 22% in 2021, 25% in 2022, and 13% in 2023.

As Service Manager, the Region has oversight and administration responsibilities to ensure housing providers maintain their buildings in a good state of repair and fit for occupancy. New regulations require a plan in place to address providers' expenses, including projected capital expenditures. Funding terms established through Service Agreements will address both operational and capital repair needs. This includes the backlog of capital repairs, as well as future repairs projected over the span of the 20-year Service Agreement to ensure financial sustainability.

A 20-year Service Agreement term will ensure stability for housing providers and the community housing system

Regulations require a minimum Service Agreement term of 10 years. Staff propose a 20-year agreement term to better support housing providers' long-term sustainability. This means providers will have consistent funding they can count on, and the Region can preserve existing supply longer. A 20-year term also accounts for the backlog of capital repairs, as it will take time for the Region to address providers' capital repair needs. Through consultations, housing providers communicated a longer-term agreement is beneficial for their stability and helps reduce administrative burden.

The Region continues to invest in the community housing system to sustain existing stock and expand new supply

The Region continues to invest in the system through additional funding programs and supports, which will be available to housing providers with a Service Agreement in place. This includes the Housing Provider Capital Repairs Grant program approved by Council in [April 2023](#), which can help address the backlog of capital repair needs. Housing providers with a Service Agreement will also be able to access any Federal/Provincial repair funding for which they are eligible, such as the Ontario Priorities Housing Initiative and the Canada-Ontario Community Housing Initiative. Any funding allocated under these additional Regional, Federal, or Provincial programs will be factored into housing providers' next financial plan within the Service Agreement.

Access to these additional programs provides further incentive for providers to remain in the system and help ensure assets remain in a good state of repair. Part VII housing providers that do not have an agreement with the Region will no longer be eligible to access these funding programs.

The Region is permitted to establish Service Agreements with new community housing providers entering the system to increase supply

The Region will work with new and existing housing providers interested in development or redevelopment through the forthcoming [Community Housing Development Master Plan](#) to explore opportunities to increase supply. This may include support through feasibility assessments and development concepts or connection to funding sources, including Federal/Provincial funding opportunities. In [February 2023](#), Council approved temporary funding for a new Community Housing Supply Grant Pilot Program to help non-profit housing providers increase supply. Housing providers may be eligible for funding under this program to support development or redevelopment projects while funding remains available. For feasible development or redevelopment projects, the Region may allow providers to secure debt to enable the project.

While regulations allow for Exit Agreements, the Region is committed to preserving supply to meet RGI targets and support the continued need for community housing

The June 2022 report to Council communicated new provisions for housing providers to leave the system if the Service Manager agrees to an Exit Agreement after their original obligations end. Regulatory requirements for Exit Agreements protect existing households and the significant historical investments in the building(s) from the municipal tax base and other levels of government.

The Region continues to prioritize protecting and sustaining existing community housing supply to support residents now and in the future. The Region is required by legislation to provide a minimum number (3,988) of RGI units. As such, the framework focuses on maintaining existing units within the system through Service Agreements and will generally not contemplate Exit Agreements.

The Region may consider Exit Agreements when an existing Part VII provider, or a provider that has entered into a new Service Agreement under Part VII.1, is proposing redevelopment or development and existing agreement terms no longer fit. A new Service Agreement would bring the building into York Region's community housing system. There may also be circumstances where the Region needs to consider an Exit Agreement for providers with a land lease, depending on the structure of the lease. Some housing providers operate buildings subject to a land lease with other organizations, such as religious organizations, and the term of the land lease may be tied to the provider's mortgage. Staff will work closely with Legal Services to assess these situations within the context of existing legislation and new regulations. The Region will make every effort to maintain existing units and work with providers in these situations to preserve affordable housing options for residents.

York Region's Service Agreement Framework supports priorities identified in the 2023 to 2027 Strategic Plan

A key priority for the Region is to sustain and increase the supply of community housing, as identified in the [2023 to 2027 Strategic Plan](#) and in [Housing Solutions: A Place for everyone](#), York Region's 10-year housing and homelessness plan. Executing Service Agreements with housing providers will sustain existing community housing by ensuring providers receive the right level of funding based on their unique operational and capital repair needs. The framework could also allow new providers to enter the system, providing the opportunity to increase supply in alignment with Regional priorities.

5. Financial Considerations

As all Part VII housing providers move to Service Agreements with right-sized funding arrangements, Service Managers may see future savings to reinvest into the system

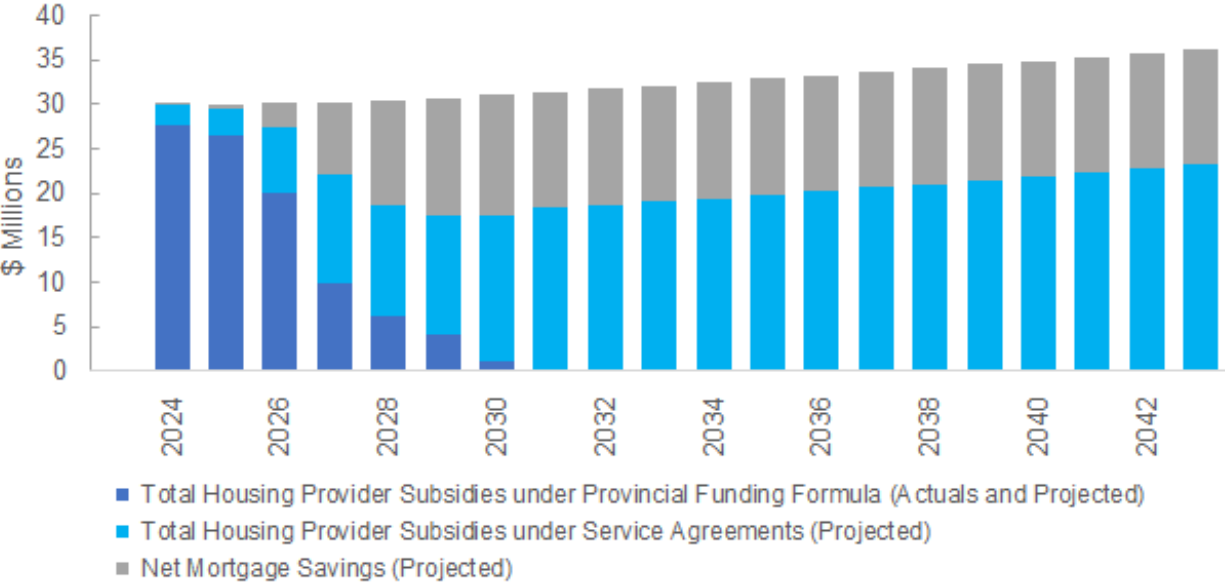
As part of the December 2020 report on end of mortgage, prior to the regulations being released, early savings projections were provided based on the Provincially-mandated funding formula. These projections identified how much funding could be made available over a 40-year horizon once the Region is no longer required to provide mortgage subsidies. In response, Council [endorsed](#) in principle, mortgage savings remain in the housing and homelessness sector, of which up to 40% be allocated to the capital repairs of impacted housing providers.

Savings projections have been updated based on new regulations and escalating cost pressures. Projections presented in this report reflect a point in time assessment and will be continuously updated as more providers reach the end of their mortgage over the next eight years (2031) and funding arrangements and cost pressures are known.

Initial projections show the Region could see approximately \$13 million annually in net mortgage savings after all mortgages mature in 2031

Based on analysis completed in 2023, an estimated \$13 million in net mortgage savings is projected annually, after all mortgages mature. Figure 3 shows the transition from the Provincial funding formula to new Service Agreements, and the resulting estimated net mortgage savings each year from 2024 to 2043.

Figure 3
Annual Housing Provider Subsidy Costs and Projected Net Mortgage Savings, 2024-2043



The estimated total subsidy costs under future Service Agreements reflect changes to the funding model for existing Part VII housing providers impacted by the new regulation. Estimated subsidy costs are based on providers’ current actual expenditures and projected capital rehabilitation and repair needs. These costs are expected to change as Service Agreements are negotiated and as operating and capital costs change over time.

Until all Part VII housing provider mortgages mature, the Region must continue to run two parallel housing programs with some providers still funded under the previous Provincially-prescribed funding formula and others entering into Service Agreements.

Over 20 years, net mortgage savings could grow to \$219 million to reinvest in the housing and homelessness system

Cumulatively, an estimated \$219 million in net mortgage savings is projected over the next 20 years (2024 to 2043). Estimated savings projections based on a 20-year period are provided in Table 1.

**Table 1
Estimated Savings Projections Following End of Mortgage**

	2024-2043¹
Estimated total mortgage savings	\$531 million
Offset by projected subsidies under Service Agreement ²	\$312 million
Net mortgage savings to reinvest in housing and homelessness system	\$219 million

¹ 20-year period to reflect term of 20-year Service Agreements
² Subsidies are based on previous estimates and subject to change as Service Agreements are negotiated individually with housing providers

Table 2 identifies estimated total mortgage savings of \$531 million over 20 years. This represents current housing providers’ projected mortgage savings after mortgage maturity, which may fluctuate based on interest rates at the time of mortgage renewals.

Of the \$531 million in total mortgage savings, \$312 million (approximately 60%) is needed to fund Service Agreement subsidies, primarily to address the backlog of capital rehabilitation and repair needs, and future capital repair needs projected over 20 years. Projected capital repair needs are based on Building Condition Assessments completed every five years by the Region, which identify the life cycle of building components and provide recommendations for repairs or replacements, as well as estimated costs and timelines.

Allocating up to 40% of mortgage savings to support capital repair needs – as endorsed in principle by Council in 2020 – does not sufficiently address rising repair costs to meet regulatory requirements. Providers’ costs continue to increase due to factors such as inflation, supply chain challenges, as well as the age of the buildings. As projections reflect a point in time assessment, estimated Service Agreement subsidy costs will continue to fluctuate based on these factors and actual costs at the time of repairs.

The estimated net mortgage savings of \$219 million shown in Table 2 is based on the difference between subsidy under the current prescribed funding formula and the new Service Agreement subsidy, calculated at the time of mortgage maturity and execution of the Service Agreement. Actual net mortgage savings will be contributed annually to the Social Housing Development Reserve through the Housing Services Operating Budget.

Housing providers not impacted by changes to *O. Reg. 367/11* – those not subject to Part VII of the *Housing Services Act, 2011* – are not considered in the financial projections of this report. These providers have different funding models and needs. Any necessary changes to their funding to support sustainability will be considered through future budget processes or recommendations to Council.

Net mortgage savings could provide opportunities to reinvest into the system to address housing and homelessness priorities, as previously endorsed by Council

Net mortgage savings provide an opportunity to advance Council's community housing priorities. Savings could be used to increase supply for non-profit providers and HYI, and provide rent subsidies to make rents affordable to households on the subsidized housing wait list where capital funding to build does not provide deeper affordability. Plans for reinvestment of net mortgage savings will be addressed through the Community Housing Development Master Plan, the next 10-year housing and homelessness plan, and future budget processes for Council's consideration.

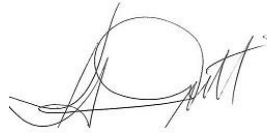
6. Local Impact

The Region works with community housing providers in all nine local municipalities to provide affordable rental homes to residents, including market and subsidized units. New Service Agreements provide an opportunity for the Region to continue working with housing providers through an approach focused on long-term sustainability of the community housing system, which is a critical priority as residents continue to face affordability challenges.

7. Conclusion and Next Steps

Community housing is a valuable publicly funded asset and important component of local housing and homelessness systems. The recommended approach (Appendix A) for negotiating York Region Service Agreements with housing providers operating Part VII housing projects will ensure housing providers receive the right level of funding based on their individual operational and capital repair needs once their mortgages end. Progress in implementing the framework and executing Service Agreements will be reported to Council through progress reports under the Region's 10-year housing and homelessness plan.

For more information on this report, please contact Karen Antonio-Hadcock, General Manager (A), Housing Services at 1-877-464-9675 ext. 72088. Accessible formats or communication supports are available upon request.



Recommended by:

Katherine Chislett
Commissioner of Community and Health Services



Approved for Submission:

Erin Mahoney
Chief Administrative Officer

April 30, 2024
#15969508

Appendix A – Recommended Approach for Negotiating York Region Service Agreements
Attachment 1 – York Region Service Agreement Framework (#15880382)

Approach for Negotiating York Region Service Agreements

Goal: To establish sustainable and mutually beneficial partnerships with housing providers that protect and strengthen the community housing system to support current and future residents. Partnerships will be guided by the following principles:

Principles	Details
1. Shared accountability to residents	<ul style="list-style-type: none"> The Region and housing providers have a shared responsibility to preserve, strengthen, and enhance the community housing system and deliver affordable, quality housing to residents with low and moderate incomes.
2. Long-term sustainability	<ul style="list-style-type: none"> Community housing is a valuable publicly-funded asset that must be maintained in a good state of repair over the long-term, ensuring residents have continued access to affordable housing options. Funding arrangements will be based on the unique operational and capital needs of each provider over the long-term to ensure sustainability, subject to available tax levy budget. Housing providers must be viable in all aspects of their business: stable tenancies, financial, asset management, governance, and operations.
3. Partnership	<ul style="list-style-type: none"> Housing providers are critical partners in the community housing system. The Region will support providers to have appropriate autonomy to manage their assets through Service Agreements and accountability mechanisms.
4. Fiscally Responsible	<ul style="list-style-type: none"> As a fiscally-responsible level of government, the Region respects and protects the historical investments made to establish community housing assets. Funding arrangements are based on providers' individual operational and capital expenditures, subject to available tax levy budget, ensuring they are not underfunded or overfunded beyond their needs. Permanent investment from senior levels of government is essential to sustaining and growing the community housing system. The Region will continue to advocate for increased long-term funding from Federal and Provincial governments to support providers' needs, including capital funding to help address the backlog of repairs, as well as development or redevelopment opportunities.

The table below provides details on key minimum requirements set out in *O. Reg. 367/11* for Service Agreements and Exit Agreements and identifies how York Region proposes to operationalize minimum requirements and expand on some requirements to strengthen and sustain the community housing system.

Area	Regulatory Requirement	Recommended Approach for York Region Service Agreements
1. Term of Agreement	Must have a term of at least 10 years	<ul style="list-style-type: none"> • 20-year term to preserve units in the system longer and allow additional time for the Region to work with providers to address capital repair backlogs.
2. Five-Year Financial Plans	Must address how housing providers' revenues will meet expenditures, including projected capital expenditures	<ul style="list-style-type: none"> • Staff will meet individually with each housing provider to understand their long-term goals, challenges, and opportunities and to jointly develop a financial plan. This will include a review of all budget lines with current actuals to ensure revenues are able to cover anticipated expenditures. • Housing providers will be encouraged to evaluate rents for market units to inform their financial plans, which may include increasing rents and/or occupancy charges in line with the Rent Increase Guideline set annually by the Province. • Funding will allow for reasonable accumulated surpluses, which will be informed by the size and type of the building to ensure housing providers can address unanticipated in-year pressures not covered in their financial plan. Housing providers that exceed their accumulated surplus amount will be directed to contribute the remaining amount to capital reserves. If capital reserves are sufficiently funded, Regional subsidies may be reduced or reallocated. • Anticipated capital expenditures based on Building Condition Assessments will be reviewed with each housing provider and projected out over 20 years to support providers' sustainability over the entire agreement term. • The Facility Condition Index (FCI) will be used to measure the asset's overall condition, based on the backlog of repairs compared to the asset replacement value. Staff will work with housing providers towards an FCI rating within the "good" range (0-5%) over the term of the Service Agreement, within budget availability. • Financial plans will be reviewed at least every 5 years and adjusted as needed.
	Must provide funding for RGI assistance, equal to the difference between 30% of household's net income and the unit's rent	<ul style="list-style-type: none"> • The proposed rent for Regional subsidy calculation will be up to a maximum of 80% of CMHC's average market rent, based on the details of providers' individual financial plans to ensure revenues meet expenses.

Area	Regulatory Requirement	Recommended Approach for York Region Service Agreements
	<p>May provide additional funding, including additional funding to maintain the housing project in a satisfactory state of repair and fit for occupancy</p>	<ul style="list-style-type: none"> • The Region will continue to provide access to additional funding opportunities to support capital repair needs for eligible housing providers, such as the Region’s Housing Provider Capital Repairs Grant program approved by Council in April 2023, and Federal/Provincial funding programs. • Any funding allocated under these programs will be factored into housing providers’ next financial plan.
	<p>Must specify the number of households receiving RGI assistance</p>	<ul style="list-style-type: none"> • Existing RGI targets will be reviewed during negotiation with housing providers and may be adjusted to reflect the provider’s operational ability and financial plan. • Staff may redistribute RGI subsidies across the community housing portfolio with the goal of maintaining the Region’s provincial requirement to deliver at least 3,988 RGI units. • Service Agreements may specify units receiving an alternate form of assistance under the <i>Housing Services Act, 2011</i>. The Region will explore delivery of alternate forms of RGI in compliance with regulations that would help to simplify subsidy calculations, and will negotiate delivery through Service Agreements where applicable.
<p>3. Subsidized Housing Wait List</p>	<p>Must continue to fill RGI units from the subsidized housing wait list following Provincial rules for eligibility and priority for survivors of domestic abuse and human trafficking</p>	<ul style="list-style-type: none"> • Service Agreements will require housing providers to continue to fill RGI units from the Region’s subsidized housing wait list, including providing priority access to survivors of domestic abuse and human trafficking as required by the <i>Housing Services Act, 2011</i>.
<p>4. Mandates</p>	<p>Must specify the mandate of the housing provider, if any, to serve a specified population</p>	<ul style="list-style-type: none"> • Specific building mandates were previously permitted under the former <i>Social Housing Reform Act, 2000</i>, allowing housing providers to limit occupancy for subsidized units to a targeted group of applicants, typically on a cultural, ethnic and/or religious basis, provided they meet requirements of the Ontario Human Rights Code. • Service Agreements will not introduce new specific mandates, and existing specific mandates could be removed through negotiations with the housing provider. • This approach will help maximize existing supply, support equity, and enable a broader range of households with low and moderate incomes to access community housing.

Area	Regulatory Requirement	Recommended Approach for York Region Service Agreements
5. Dispute Resolution	Must include a dispute resolution process regarding alleged non-compliance with the Service Agreement	<ul style="list-style-type: none"> • Service Agreements will outline a process for dispute resolution including the following: <ul style="list-style-type: none"> ○ Written notice by either party outlining the nature of the dispute, after which the Region and provider will make every reasonable effort to resolve the dispute through negotiation ○ If negotiation is not progressing to resolve the dispute, a mediator may be selected by the Region and the provider to help address the issue ○ If mediation is unsuccessful, the Region and provider may agree to submit the issue to arbitration • Service Agreements will include standardized events of default and remedies to manage issues of non-compliance and ensure agreement terms are met and in good standing. This ensures that if the provider is unable to fulfil its obligations, breaches agreement terms, experiences financial difficulty, or if any other specified material event occurs that impacts the safety or operation of the asset(s), the Region has mechanisms in place to address the issue.
6. Protections and Oversight	N/A	<ul style="list-style-type: none"> • Housing providers will have appropriate autonomy to manage their operations and assets through accountability mechanisms, and the Region will ensure protections are in place to safeguard Regional investments and residents: Protections and oversight will include: <ul style="list-style-type: none"> ○ Registration of the Service Agreement on title, as well as other types of security instruments as permitted. ○ The Region will regularly conduct operational reviews of housing providers' corporate governance, risk management, resident relations, maintenance administration, financial administration, RGI administration and more. ○ Oversight and review of capital repair needs through annual capital budgets and 10-year capital plans completed by the provider. Providers' capital budgets and plans will be based on Building Condition Assessments, which identify the life cycle of building components and recommendations for repairs or replacements, as well as estimated costs and timelines. The Region will continue to complete Building Condition Assessments at least every five years for housing providers, and will provide access to relevant software, such as Asset Planner, for providers to manage repairs. ○ Standardized annual reporting, including requiring providers to submit their audited financial statements to ensure funds are expended as intended, ensuring the housing provider remains in a good financial position, and in compliance with program delivery, including RGI.

Area	Regulatory Requirement	Recommended Approach for York Region Service Agreements
7. Exit Agreements	Must be agreed to by the Service Manager and the housing provider, and must meet baseline requirements that protect the asset and existing residents	<ul style="list-style-type: none"> • Due to the limited supply of community housing in York Region relative to demand, and the Region’s commitment to preserve existing supply, Exit Agreements will be considered only in very limited circumstances in alignment with the <i>Housing Services Act, 2011</i> and <i>O. Reg. 367/11</i>. • Circumstances may include housing providers interested in development or redevelopment, or housing providers that operate buildings subject to a land lease with other organizations. Depending on the term and structure of the provider’s land lease, there may be circumstances where the Region needs to consider an exit agreement, and staff will work closely with Legal Services. • Staff will make every effort to maintain existing units.