ATTACHMENT 1

YORK REGION SERVICE AGREEMENT FRAMEWORK

Strengthening and sustaining our community housing system

York Region

Yonge Street, City of Richmond Hill

CONTENTS

1. INTRODUCTION

Community housing is an essential component of York Region's overall housing and homelessness system

York Region is committed to supporting complete communities that offer a full range of housing options and services to meet the needs of residents at all ages and stages of their lives. Community housing is a critical part of the housing continuum (Figure 1), providing essential subsidized and market housing options for households with low and moderate incomes.

Figure 1:
The Housing Continuum

As Service Manager, the Region must ensure public funds are used to support a sustainable community housing system for future generations in line with local housing and homelessness plans. Under the *Housing Services Act, 2011* (HSA), Service Managers are responsible for funding and oversight of their local community housing systems. Actions include:

- Maintaining a wait list for subsidized housing
- Funding rent subsidies, including maintaining a legislated minimum service level of 3,988 rent-geared-to-income (RGI) units for households with low income, following Provincial 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

The Region fulfills its responsibilities through partnerships with non-profit and co-operative housing providers, who are essential partners in meeting local needs. The Region and housing providers have a shared responsibility to provide safe, high-quality housing options for residents now and in the future.

Regulatory changes provide the opportunity to better support local needs through new Service Agreements

The community housing system is undergoing transformational change as mortgages of housing providers operating Part VII housing projects under the *Housing Services Act, 2011* come to an end (Part VII housing providers). For York Region, this represents 33 housing providers, including Housing York Inc., across 43 properties, and 62% of our total community housing portfolio (4,319 out of 6,982 total units). A list of Part VII providers and properties is provided in Appendix B.

In March 2022, the Province of Ontario released new regulations (*O. Reg. 241/22* and *O. Reg. 242/22*) under the HSA to address housing provider and Service Manager obligations after mortgages are paid off. This includes fundamental changes to the relationship between Service Managers and housing providers from a funding and oversight perspective through new Service Agreements. Following the end of housing providers' mortgages, housing providers and Service Managers may enter into a Service Agreement for the continued operation of community housing, adhering to minimum regulatory requirements.

Regulations allow the Region to right-size housing provider funding based on their operational and capital needs through negotiated agreements, shifting from the fixed funding formula previously mandated through legislation. This change allows us to better ensure each housing provider is sustainable over the long-term and avoid over or under-funding. As all Part VII housing providers and buildings move to new funding arrangements, there is a future opportunity for savings that could be reinvested to address Regional housing priorities in alignment with a Council-endorsed recommendation from December 2020, which directed, in principle, that any mortgage savings remain in the housing and homelessness sector, of which up to 40% would be allocated to support the capital repair needs of providers.

York Region's Service Agreement Framework focuses on the long-term sustainability of the community housing system

Changes to the HSA and its regulations provide an opportunity to modernize the operating and funding framework for community housing to better align with local needs. The Region's Service Agreement Framework provides a coordinated approach to consider the unique operational and capital needs of housing providers, focused on the long-term sustainability of the community housing system.

This framework will support the Region and housing providers in transitioning to new Service Agreements to continue delivering essential housing options for residents.

2. END OF MORTGAGE CONTEXT

When housing projects were first constructed in the 1980s and 1990s, housing providers entered into an operating agreement with the Province of Ontario that typically aligned with the term of their mortgage. These housing providers are referred to as Part VII providers. In the early 2000s, the Province transferred responsibility for the funding and administration of community housing to Service Managers, including York Region, replacing these agreements with legislation. The Province initially introduced the *Social Housing Reform Act, 2000*, later replaced by the HSA. The program transfer from the Province did not include adequate financial reserves to address both current and future capital needs, and capital repair needs continued to grow. The HSA included a prescribed funding formula tied to housing providers' mortgages, and the HSA did not contemplate the operating or funding model after the mortgage ends.

To address this, in July 2020, the Province passed the *Protecting Tenants and Strengthening Community Housing Act, 2020.* This Act introduced changes to the HSA that positively transform the relationship between Service Managers and Part VII housing providers by establishing new Service Agreements after the mortgage ends. In March 2022, the Province released new regulations (*O. Reg 241/22 and 242/22*), amending the *Housing Services Act, 2011*'s General regulation (*O. Reg. 367/11*) to set the baseline requirements for new Service Agreements that Service Managers and housing providers must follow, while allowing greater flexibility to meet operational and capital needs.

3. GOAL AND GUIDING PRINCIPLES

Transitioning to Service Agreements provides an opportunity to focus on sustainability of the overall community housing system and supporting housing providers' individual needs. This includes ensuring effective ongoing operations and support to residents, strong asset management, and long-term financial viability.

The goal of our framework 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. The following principles guide this framework:

1. Shared accountability to residents	• 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	• Community housing is a valuable publicly-funded asset that must be maintained in a good state of repair over the long-term, ensuring residents with low and moderate incomes 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	• 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	• 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 housing providers' individual operational and capital expenditures, subject to available tax levy budget, ensuring providers 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	

4. ELIGIBILITY CRITERIA

As specified by *O. Reg. 367/11*, to be eligible to enter into a Service Agreement with the Region, housing providers must:

- Have a designated housing project that is not subject to a pre-reform operating agreement still in effect, or is not subject to a mortgage guaranteed by the Province of Ontario that relates to a transferred housing program;

  OR

- Be one of the following:

  i. A corporation to which the *Not-for-Profit Corporations Act, 2010* or the *Canada Not-for-Profit Corporations Act* applies.

  ii. A non-profit housing co-operative.

  iii. A co-operative to which Part 20 of the *Canada Co-operatives Act* applies.

  iv. A local housing corporation.

  v. A housing provider that previously operated the housing project under a funding agreement with the Crown in right of Canada or in right of Ontario, or an agency of either of them, or a Service Manager;

Housing providers must also agree to:

- Provide subsidized units for eligible households
- Fill vacancies for subsidized units through the Region's subsidized housing wait list following prescribed rules

5. OVERVIEW OF SERVICE AGREEMENTS

5.1 REGULATORY REQUIREMENTS

New regulations under the HSA establish requirements for Service Agreements, aiming to address existing complex rules and increase flexibility to support local needs. Under new regulations, Service Managers can provide funding based on housing providers' individual operational and capital needs, shifting away from a prescribed funding formula, with a minimum requirement to fund RGI.

Rules for Service Agreements include:

- Must state the Service Manager and housing provider intend for the housing project to be governed under Part VII.1 of the HSA
- Must have a term of at least 10 years
- Service Managers must provide funding for rent-geared-to-income (RGI) assistance, equal to the difference between 30% of household's net income and the unit's rent/housing charge
- Must include a minimum 5-year financial plan developed jointly by Service Manager and housing provider to address how:
    - Providers' revenues will meet expenditures, including projected capital expenditures
    - Unit rents/housing charges in the housing project will be set
- Service Managers may provide additional funding, including additional funding 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 an alternate form of assistance
- Must continue to fill RGI units through the Service Manager's subsidized housing wait list based on existing rules
- Must include a dispute resolution process regarding alleged non-compliance with the Service Agreement

5.2 FINANCIAL PLANS

A 5-year financial plan is a key component of the Service Agreement. Rather than a set funding formula as in the past, funding arrangements will be set through the financial plan developed jointly by the Service Manager and individual housing providers. This approach provides flexibility to better meet housing providers' individual operational and capital repair needs, without over or under funding. Financial plans will help ensure funding will support residents and sustain the asset over the term of the Service Agreement. We will work to provide the right level of funding based on individual needs, subject to available tax levy budget.

In keeping with the regulations, financial plans will consolidate all funding sources and expenditures to demonstrate how the housing provider's total revenues will cover expenses. Financial plans will also address how unit rents will be set. Financial plans will be reviewed at least every five years.

As a Service Agreement is developed, housing providers will work with the Region to jointly develop their financial plan. York Region is committed to ensuring housing providers are sustainable over the long-term and have appropriate funding to support their operational and capital repair needs, subject to availability of Regional budget and funding from other sources (i.e., Federal/Provincial capital repair funding).

6. TERMS OF YORK REGION SERVICE AGREEMENTS

Regulations allow flexibility within Service Agreements to best meet housing providers' unique needs while adhering to the minimum requirements identified in Section 5. This includes permitting Service Managers to exceed minimum requirements, such as the agreement term, or allowing specific requirements to be negotiated between the Service Manager and the housing provider, such as setting rents for the building.

This Framework outlines how the Region plans to operationalize or exceed minimum regulatory requirements. Some requirements for York Region's Service Agreements will be standard agreement terms to establish consistency where possible and ensure the long-term sustainability of the system. Other agreement terms will be subject to negotiations with individual housing providers based on their operational and capital needs.

6.1 STANDARD AGREEMENT TERMS

Adherence to all regulatory requirements. Service Agreements will adhere to regulations, such as ensuring revenues cover expenses, a jointly-developed financial plan that will be reviewed at least every five years, requiring providers to fill subsidized units through the Region's wait list, and a dispute resolution process. In some areas, such as the agreement term, the Region will exceed the minimum requirement.

20-year agreements. Service Agreements will have a 20-year term, exceeding the minimum requirement. Extending the term beyond the minimum 10-year requirement set in the regulations will better support housing providers' long-term sustainability. It means providers will have consistent funding they can count on, and the Region can ensure housing options are available for residents now and in the future. A 20-year term also accounts for the backlog of capital repairs from when the Province transferred responsibility to Service Managers. It will take time for the Region to address housing providers' capital repair needs.

Standardized minimum reporting and oversight levels. While regulations do not include specific reporting requirements, Service Agreements will have streamlined, standardized reporting and oversight to ensure effective operations and asset management. This includes reviewing housing providers' audited financial statements each year, completing operational reviews, and registering the Service Agreement on title to protect the asset. Any additional oversight levels may be negotiated with the housing provider based on their individual needs or capacity. Further details regarding reporting and oversight are outlined in Section 9.

Service Agreements will not introduce new specific building mandates. Specific building mandates allow 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 the requirements of the Ontario Human Rights Code. These mandates were permitted under the former *Social Housing Reform Act, 2000.* Regional Council previously approved mandates for four housing providers. Section 76 of the HSA enabled existing specific mandates to continue under new legislation, also allowing the Service Manager and housing provider to amend, terminate or replace the mandate by written agreement.

The HSA does not contemplate new specific mandates. As such, Service Agreements will not introduce new specific mandates, and, through negotiations, the Service Manager and housing provider may agree to remove existing mandates. 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.

6.2 NEGOTIABLE YORK REGION AGREEMENT TERMS

Targeted RGI units. The Region will work with housing providers to determine the appropriate number of targeted RGI units the provider must deliver. Individual targets will consider the provider's operational ability and financial plan, with the goal of working towards a 70/30 subsidized/market split across the community housing portfolio. Portfolio-wide targets will help ensure the Region continues to meet its obligation to deliver at least 3,988 RGI units, as mandated by the Province and protect existing supply. The Region will also explore opportunities to deliver alternate forms of assistance as permitted by the *Housing Services Act, 2011*.

Specific details of the financial plan. Financial plans are jointly developed with the housing provider. This includes reviewing capital repair needs, all sources of available funding such as surplus and reserves, and rent for market units. Market rents are an important revenue source for housing providers. Ensuring providers have appropriate autonomy to manage their assets means an ability to negotiate market rents. Additional details regarding funding are outlined in Section 8.

Securing debt for development or redevelopment. Housing providers have varying short- and long-term goals and objectives for their organization. For feasible development or redevelopment projects, the Region may allow providers to secure debt to enable the project to move forward. We will also work with providers to support projects through the forthcoming Community Housing Development Master Plan. Additional details regarding development or redevelopment are provided in Section 8.

Table 1 summarizes standard (non-negotiable) and negotiable terms of our Service Agreements.

Table 1:
Terms of York Region Service Agreements

Standard Agreement Terms	Negotiable Agreement Terms
• 20-year agreement term • All regulatory requirements, including funding level ensures revenues cover expenses with reasonable surpluses (subject to Regional budget) • Financial plan reviewed at least every five years • RGI units filled through the Region’s subsidized housing wait list • Standardized minimum reporting (i.e., audited financial statements) • Baseline oversight level (i.e., operational reviews) • No new specific mandates	• Number of targeted RGI units and potential delivery of alternate forms of assistance • Specific details of financial plan, including repair needs, rent for market units, and sources of available funding • Any additional oversight based on needs/capacity of provider • Securing debt for development/ redevelopment • Removal of existing specific mandates where appropriate

7. HOUSING PROVIDER OBLIGATIONS

Housing providers continue to be critical partners in York Region’s housing and homelessness system, delivering essential housing to households with low and moderate incomes. Through Service Agreements, housing providers will be responsible for the following:

- Fulfilling the general duties of a housing provider in accordance with the HSA and other relevant legislation
- Administering RGI in accordance with Provincial regulations and filling RGI units through the Region’s subsidized housing wait list
- Managing market units in accordance with Provincial legislation and regulations, including the *Residential Tenancies Act, 2006*
- Ensuring buildings remain in a good state of repair and fit for occupancy
- Negotiating a financial plan with the Region at least every five years, including establishing market rents
- Adhering to all provisions of the Service Agreement, including reporting requirements

8. FUNDING FOR HOUSING PROVIDERS

8.1 REQUIRED FUNDING

Housing providers' fund needs to cover operational costs are changing. When the mortgage ends, there is no longer a need for a subsidy to cover the mortgage expenses from the Service Manager. While the end of a mortgage represents a significant reduction in operating expenses for housing providers, they still have other operational needs and significant capital repair needs that must be addressed through a new funding approach. Shifting away from a prescribed funding formula means the unique circumstances of each housing provider can be considered through the negotiated financial plans.

To support fiscal responsibility and sustainability, funding for housing providers must ensure revenues cover expenses, including projected capital expenditures. Funding will also 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 addressed 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. Housing providers will also 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 of Ontario.

Specific funding details will be set out in financial plans within the Service Agreement, negotiated individually with each housing provider based on their unique needs and circumstances. This could include ensuring appropriate reserves are available for purposes such as insurance.

Funding for Subsidized Units

Under the current provincial funding formula, rents/housing charges for subsidized units are set at a provincial benchmark amount and indexed annually. The tenant/co-operative member pays rent based on 30% of their net income (or a set rent scale, if receiving social assistance), and the Region pays the difference between that amount and the unit's benchmark rent/housing charge for the unit. Currently, these benchmark rents/housing charges generally fall below 80% of Average Market Rents as determined by Canada Mortgage and Housing Corporation (CMHC).Under the new framework, the benchmark rates no longer apply, as the Region and the housing provider will negotiate the unit rent through the financial plan.

Service Managers must continue to provide funding for RGI assistance, equal to the difference between 30% of household's net income and the unit's rent/housing charge. 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.

Funding for Capital Repairs

The financial plan within the Service Agreement must set out how housing providers' projected capital expenditures will be addressed. Capital expenditures will be projected out over the span of the 20-year Service Agreement to support providers' sustainability over the entire agreement term.

The Region and housing providers have a strong understanding of the capital repair needs of each building through the completion of Building Condition Assessments (BCAs) every five years. BCAs identify the life cycle of building components and provide recommendations for repairs or replacements, as well as estimated costs and timelines. BCAs will continue to be completed at least every five years and used to inform the capital repair needs identified in the financial plan. Providers will be required to submit annual capital budgets and 10-year capital plans. Capital plans will be reviewed every five years to align with the 5-year financial plan. We will also continue to provide housing providers with access to relevant software, such as Asset Planner, to manage capital repairs.

The Region will use the Facility Condition Index (FCI) as a tool to measure the asset's overall condition. An FCI rating is based on the backlog of repairs compared to the asset replacement value. We 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. Alongside housing providers, we will also ensure repairs are completed in such a manner to support fiscal responsibility and acceptable current property standards.

8.2 ADDITIONAL FUNDING OPPORTUNITIES AND SUPPORTS

The Region continues to invest in the community housing system through additional funding programs and supports. Housing providers with a Service Agreement in place will have the ability to access additional funding opportunities and supports, provided they meet eligibility requirements.

Opportunities for Capital Repairs

To support long-term sustainability, capital expenditures will be projected out over the 20-year Service Agreement, and financial plans will address the anticipated capital needs over a more immediate five-year period. While the Region and housing providers have tools to effectively plan capital repairs, emergencies or unplanned capital expenses may arise. In April 2023, Council approved a Regional Housing Provider Capital Repairs Grant program to provide more timely funding for capital repairs not addressed through any other agreement, financial plan, or funding source available at the right time. Housing providers with a Service Agreement will be eligible to access funding under this program to help address any unplanned or emergency capital repair needs, as well as the backlog of capital repairs.

Senior levels of government also offer funding for capital repairs, such as the Ontario Priorities Housing Initiative and the Canada-Ontario Community Housing Initiative. Housing providers with a Service Agreement will continue to be eligible to access Federal/Provincial funding for capital repairs.

Additional funding under Regional, Federal, or Provincial programs can help address housing providers' capital repairs in the short- and long-term. Any funding allocated under these programs will be factored into housing providers' next financial plan.

Opportunities for Development or Redevelopment

A priority for the Region is to increase the supply of community housing, as set out in the Region's 2023-2027 Strategic Plan and the 10-year housing and homelessness plan.

We will work with 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, as part of authorizing additional funding for critical social infrastructure, Council approved temporary funding for a new Community Housing Supply Grant Pilot Program to help non-profit housing providers increase community housing supply. Housing providers may be eligible for funding under this program to support development or redevelopment projects, subject to continued availability.

For feasible development or redevelopment projects, the Region may allow providers to secure debt to enable the project.

Opportunities for Program Funding and Support

The Region offers a number of program funding opportunities and supports to help build capacity for housing providers. Housing providers with a Service Agreement will have access to additional programs such as the Social Housing Innovation Fund, as well as expertise, tools and support from us to help address operational and capital needs, including access to Asset Planner.

9. ACCOUNTABILITY AND REPORTING

9.1 OVERSIGHT

The Region is committed to supporting housing providers to have appropriate autonomy to manage their operations and assets through Service Agreements and accountability mechanisms. An appropriate level of oversight will protect the Region's investment and support effective operations and asset management.

To support operations, we will continue to conduct operational reviews, which includes reviews of corporate governance, risk management, resident relations, maintenance administration, financial administration, RGI administration and more. To safeguard the asset(s), the Region will register the Service Agreement on title, and where permitted and appropriate, other security instruments such as covenants restricting the sale or transfer of the property may also be registered on title. This means in the very rare situation where the Region must end its relationship with the provider and assume the asset or make a claim, the Region is protected.

Service Agreements will also set out clear and standardized events of default and remedies to manage issues of non-compliance and ensure the terms of the Service Agreement 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. These mechanisms are important to protecting the Region's investments; however, we will continue to work closely with providers to ensure agreement terms are met and proactively address any issues before an event of default must be enacted.

9.2 REPORTING REQUIREMENTS

Service Agreements will require standardized minimum reporting. Reporting requirements are intended to be more streamlined and less complex, while offering a level of oversight that ensures:

- Funds are expended for their intended purposes, in accordance with financial plans
- Units are allocated to eligible households
- Community housing stock is viable and sustainable for the long-term
- Buildings are well-governed and maintained

Each year, housing providers will be required to submit their audited financial statements, which includes a statement of capital reserve expenditures and number of RGI units, as well as a Management Letter. Specific reporting requirements, including any necessary reconciliations, will be outlined in the Service Agreement and housing providers will be notified of any changes to reporting requirements that may arise.

10. DISPUTE RESOLUTION

Regulations require that Service Agreements have a dispute resolution process in place for the Service Manager and housing provider. This may include situations where the Region and provider are unable to agree on a new financial plan.

York Region's Service Agreements will outline a process related to the following:

- 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

We are committed to working closely with providers through a fair, collaborative process if a dispute arises. We intend to work to resolve any issues through negotiation; however, subsequent processes are outlined should they be needed.

11. NEW HOUSING PROVIDERS

The community housing system is complex, comprised of housing providers under various Federal and Provincial programs. Service Agreements provide the opportunity to bring various providers under a more consistent framework, following more consistent principles.

New regulations address the operating and funding model for Part VII providers after their mortgage ends, while also allowing the Region to enter into Service Agreements with other types of providers.

This may mean new providers entering the system, or existing providers under other federal/provincial programs, such as Investment in Affordable Housing/Affordable Housing Program. In these cases, Service Agreements would be based on the principles of this framework and the unique needs of the housing provider. Ability to address capital repair needs of other existing providers brought under the Service Agreement framework would need to be considered through the budgeting process.

12. EXIT AGREEMENTS

12.1 REGULATORY REQUIREMENTS

If a Service Manager and a housing provider do not enter into a Service Agreement, they may enter into an exit agreement. The primary purpose of an exit agreement is to ensure existing households are not displaced and longstanding public investments in community housing assets are preserved. The HSA regulations set requirements for exit agreements. Exit agreements must:

- Be agreed to by the Service Manager and housing provider
- Be effective after at least 30 days of giving notice to the Minister
- State the service manager and housing provider intend for the housing project cease to be governed under Part VII.1 of the Act or cease to be a designated housing project under the Act.
- Have a plan to be implemented by the provider, which includes:
    - Accommodation of existing households, including a plan for continued delivery of RGI or an alternate form of assistance agreed to by the household
    - Continued operation of the project by the housing provider or another housing provider, redevelopment of the housing project by the housing provider or another housing provider, or reinvestment of the proceeds of sale of the housing project into affordable housing

12.2 COMMITMENT TO MAINTAIN EXISTING SUPPLY

The Region continues to prioritize protecting and sustaining existing community housing supply to support residents now and in the future. Currently supply is not meeting demand, and the Region has a legislative requirement to meet Provincially-mandated service levels. As such, this framework focuses on maintaining existing units within the community housing system through Service Agreements.

The Region may contemplate exit agreements when a housing provider is interested in redevelopment or development and terms of their existing agreement no longer fit. Once development is completed, a new Service Agreement would be negotiated to bring units within York Region's community housing system.

Some housing providers operate buildings subject to a land lease with organizations, such as religious organizations. The term of the land lease may be tied to the provider's mortgage. Depending on the structure of the provider's land lease, there may be circumstances where the Region needs to consider an exit agreement. 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 housing providers in these situations to help ensure they can continue providing housing options to residents with low and moderate incomes.

Based on Council-approved authority, the Commissioner of Community and Health Services will have delegated authority to enter into exit agreements in limited circumstances, as deemed necessary by the Commissioner. Exit agreements will meet regulatory requirements to ensure the existing households and historical investments are protected.

APPENDIX A: HOUSING PROVIDER ENGAGEMENT SUMMARY

WHAT WE HEARD: KEY THEMES

Spring 2023 to Winter 2024

Meetings with **5** housing providers with 2023 and 2024 mortgage maturity dates

In-person engagement session with **29** Board Members and Property Managers, representing **18** housing providers

Virtual engagement session with **17** Board Members and Property Managers, representing **11** housing providers

What is most important to your organization as a community housing provider?

- **Overall stability for each community housing building.** For providers, this means keeping assets safe and in a good state of repair over the long-term as buildings age and remaining financially viable. Providers need predictable funding for capital repairs, appropriate reserves, and BCAs must be up-to-date as they reach mortgage maturity.
- **Protecting affordability of existing units.** Households with low and moderate incomes rely on housing providers to offer quality housing options that they can afford. This includes maintaining subsidized units and considering affordability within market units.
- **Opportunities for development or redevelopment, for providers that may want to intensify.** Some providers see opportunities for development or redevelopment, which could be explored further with their Board of Directors. Expansion would support more households and ensure an appropriate mix of units are available for households to remain in their communities as their needs change (i.e., one-bedroom units). Any development opportunities would require time to plan and support in determining available funding resources, including Federal/Provincial programs.

What operational and capital pressures is your organization facing?

- **Increasing operational costs.** Housing providers are experiencing significant cost escalation in areas such as utilities and insurance. The Provincial benchmark funding formula does not address these needs, and new funding arrangements must consider current actuals for all operational costs. Additional funding is needed to address insurance premiums, which may be addressed through an appropriate insurance reserve.

- **Capital repair needs that must be addressed.** Some providers may feel operationally healthy; however, have significant capital expenses over the short-term that need to be accounted for, such as elevator replacements. Construction costs have substantially increased, creating financial pressures. Due to the historical lack of capital funding, it has been difficult to determine which capital projects to prioritize, as well as having housing provider capacity to oversee repairs.
- **Finding operational efficiencies.** For smaller providers, there is less opportunity for economies of scale. This includes administrative and property management functions. There may be opportunities to create efficiencies in some operational functions.

Are any additional programs or services needed to support residents?

- **Programs to support residents' diverse needs.** Residents have different needs within housing provider communities, and additional on-site programs or connection to services would better support their needs. Examples include financial literacy training and tax support, mental health and social work supports, youth programming, translation and English as a Second Language courses, food banks, and conflict resolution. Additional supports are needed for seniors to age in the right place, as Provincial funding in this area is generally not allocated to housing providers.

How can the Region best support you? What resources are needed?

- **Capacity building.** To support operations, ongoing training opportunities provided by the Region are important, including financial management supports. Funding for consulting supports to navigate the transition to Service Agreements is also needed. For capital, it is difficult for some providers to manage repairs alongside their regular duties, including securing a contractor and overseeing the project. Support from the Region is needed to ensure adequate capacity is available to manage and oversee repairs. This includes continued support through Building Condition Assessments, prioritizing repairs through Asset Planner (software the Region provides to help with asset management), and project management supports.
- **Information-sharing regarding program opportunities.** Federal/Provincial funding programs and processes are complex and time-consuming. Support from the Region is needed to navigate funding programs and understand eligibility requirements and processes. This also includes general information-sharing on available funding opportunities and providing opportunities for housing providers to connect and learn from each other.

APPENDIX B: PART VII HOUSING PROVIDERS IN YORK REGION

Provider/Building Name	# of Units
Town Of Aurora	
Charles Darrow Co-operative Inc.	107
Machell's Corners Housing Co-operative Inc.	67
Town of Georgina	
Bethany Co-operative Homes Inc.	68
Our Lady of Smolensk Russian Orthodox Retirement Centre	35
Township of King	
Schomberg Lions Club Non-Profit Housing Corporation (Kitchen Breedon Manor)	32
City of Markham	
Calvary House (Markham) Corporation (Calvary Manor)	100
Hagerman Corners Community Homes Inc.	81
Kinsmen Non Profit Housing Corporation (Kin Village)	187
Robinson Street Non-Profit Homes Inc. (Robinson Street)	26
Thornhill St. Luke's Seniors Home Inc. (St. Luke's Lodge)	96
Water Street Non-Profit Homes Inc. (Cedar Crest Manor)	150
Town of Newmarket	
Bogart Creek Co-operative Homes Inc.	40
Carpenters Local 27 Housing Co-operative Inc.	119
Davis Drive Non-Profit Homes Corporation (Hamilton Place)	119
German-Canadian Housing of Newmarket Inc.	135
Inter Faith Homes (Centenary) Corporation (Alison Court and Manor Green)	149
Trinity Glen Housing Corporation	90
City of Richmond Hill	
Centre Green Co-operative Homes Inc.	42
Crescent Village Housing Corporation	170
John Fitzpatrick Steelworkers Housing Co-operative Inc.	180
Jubilee Garden Non-Profit Housing Corp.	100
Landsberg Lewis Housing Co-operative Inc.	149
Oakwil Non-Profit Homes Corporation	28
Prophetic Non-Profit (Richmond Hill) Inc.	213
Richmond Hill Co-operative Homes Inc.	105
Richmond Hill Ecumenical Homes Corporation (Observatory Towers I and II)	350
St. Matthew's Non-Profit Homes	23
City of Vaughan	
Branch 414 Legion Village Non-Profit Housing Corporation (Legion Wood Apartments)	30
Friuli Benevolent Corporation	113

Provider/Building Name	# of Units
OHR Somayach Residential Centre Inc.	125
St. Peter's Seniors' Residence Woodbridge Inc.	65
Various Local Municipalities	
Housing York Inc.	1,025
Total Units	**4,319**

FOR MORE
INFORMATION

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