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**Date** November 8, 2023 **Report No. 2023-116**

**To** Chair and Members  
Social Services Committee

**From** Brian Hutchings, Chief Administrative Officer  
Acting General Manager, Community Services & Social Development

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### 1.0 Type of Report

Consent Item  [X]  
Item For Consideration  [ ]

### 2.0 Topic **Service Agreement Framework for Community Housing Providers [Financial Impact: None]**

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### 3.0 Recommendation

- A. THAT Report 2023-116 Service Agreement Framework for Community Housing Providers at End of Mortgage BE RECEIVED; and
- B. THAT the City Clerk BE DIRECTED to forward a copy of the final resolution and staff report to the County of Brant.

### 4.0 Executive Summary

Agreements associated with Federal and Provincial government subsidies from the legacy social housing programs are set to expire over the next few years.

New regulations for service agreements have been introduced in the [Housing Services Act](#), 2011 by [Ontario Regulation \(O.Reg\) 241/22](#) which has amended sections of [O.Reg 367/11](#). These amendments establish a baseline for funding

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and operational rules between Service Managers and community housing providers for the delivery of community housing.

Under this legislated change, when community housing providers reach the End of Operating Agreements (EOA) and/or End of Mortgages (EOM) they are now required to either:

1. enter into a new Service Agreement with the Service Manager, with requirements related to operations, administration and funding, including capital needs; or
2. enter into an Exit Agreement if the prescribed conditions are met.

As housing provider agreements expire, Service Manager staff will work to negotiate an agreement that establishes at minimum the following requirements:

- A minimum agreement term length of 10 years;
- Agreement to continue funding rent geared to income units;
- A financial plan that is reviewed every 5 years;
- Selection rules from the centralized wait list;
- A process to manage issues of noncompliance and dispute resolution;  
and
- A 10-year capital plan.

Grant funds proposed through the Canada-Ontario Community Housing Initiative (COCHI) and Ontario Priorities Housing Initiative (OPHI) funding stream are designed to support the subsidy of operating expenses, capital expenses based on a 10-year capital plan, subsidies for tenants, and funding to support additional affordable housing.

Non-Profit Housing Providers may also choose to exit the agreement and thus any obligations under the Housing Services Act framework. In this case an exit agreement with the Service Manager would be negotiated. The exit agreement requires inclusion of a plan for protecting tenants and terms that address any sale or disposition of assets and proceeds.

Brantford has twelve (12) non-profit and cooperative community housing providers (Appendix B) with agreements expiring between 2023 and 2029. Lead

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by the Housing Services Corporation (HSC), the City of Brantford, along with 37 of the 47 other Service Managers, participated in the development of a standardized agreement that addresses the legislated requirement of new Service Agreements and Exit Agreements.

The resultant agreement template includes legislation and sector best practices with the opportunity to add local priorities and requirements.

## **5.0 Purpose and Overview**

The purpose of this report is to inform Social Services Committee and City Council about the requirement to enter into new Service Agreements with Community Housing Providers reaching the end of mortgage and/or existing operating agreements and to provide information regarding the service agreement template (attached at Appendix A) that will be used to develop and negotiate new agreements.

## **6.0 Background**

Consolidated Municipal Service Managers (CMSMs) and District Social Services Administration Boards (DSAABs) are responsible for the funding and administration of community housing in their role as Service Manager. The Province of Ontario establishes the legislative framework for community housing, homelessness services and many related funding frameworks and programs. The City of Brantford is the designated Service Manager for Housing and Homelessness in the City of Brantford and the County of Brant.

Community housing is a valuable, publicly-funded asset and critical part of the housing and homelessness system. Community housing provides subsidized and affordable rental housing options for households living with low and moderate incomes, and are owned and operated by non-profit and co-operative housing providers, as well as the Brantford-Brant Local Housing Corporation and the Brantford Municipal Non-Profit.

The community housing system is complex. Depending on the federal or provincial program under which a development was originally built, different operating agreements and funding frameworks are in place.

In 2000, the Social Housing Reform Act (SHRA, 2000) was passed and resulted in the Province transferring program administration and funding responsibilities for community housing to Service Managers.

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While the community housing stock was transferred to Service Managers, the transfer did not include adequate financial reserves to address both current and future capital needs. As buildings continue to age, capital repair needs continue to grow.

Community housing is an essential part of housing and homelessness systems, and it is critical to have a sustainable model that funds both operational and capital repair needs so residents have access to safe, high-quality housing.

The *Housing Services Act, 2011* (HSA) provides rules for the funding and administration of transferred social housing projects. Prior to the amendments, legislation allowed for housing providers to terminate their relationship with the Service Manager once the mortgage was paid off. As a result, there were no further obligations by the Service Manager to administer or fund the housing provider or for the housing provider to continue providing affordable housing.

On March 31, 2022, the Province implemented changes to regulations under the HSA, including an amendment to introduce Service Agreements and Exit Agreements.

The Province of Ontario amended the *Housing Services Act, 2011*, and O. Reg. 367/11 to enable Service Managers (SMs) / District Social Services Administration Boards (DSSABs) and Housing Providers to move from the legislated funding and compliance relationship to a new contractual relationship as provincially guaranteed mortgages are discharged.

The amendment states that when housing projects reach EOA or EOM they will have two options: continue to offer community housing under a new agreement within a new community housing framework or meet the prescribed requirements necessary to exit the Service Manager's community housing portfolio.

The requirements to be met when exiting the Service Manager's community housing portfolio will ensure existing tenants are not displaced. If a new agreement is not successfully negotiated with a provider, the existing rules under the HSA will remain in effect.

## 7.0 Corporate Policy Context

This report supports:

[Brantford Brant Housing Stability Plan \(2014-2024\)](#)

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City Council's 2023-2026 Strategic Theme 6 (b): invest in a long-term strategy and plan to manage the homelessness crisis, inclusive of the related issues of mental health and addiction issues and safety and security concerns.

County of Brant's 2019-2023 Strategic Priorities: "Healthy, safe, and engaged citizens".

## 8.0 Input From Other Sources

City of Brantford-Finance

City of Brantford-Legal

*Housing Services Act, 2011*

Housing Services Corporation (HSC)

Ministry of Municipal Affairs and Housing

## 9.0 Analysis

The City of Brantford is the designated Service Manager responsible for planning, administration and oversight of community housing programs in the City of Brantford and the County of Brant. Deeply affordable community housing is a crucial piece in the overall housing stability continuum, providing affordable accommodations to those in need.

The City of Brantford's community housing system consists of over 2184 units, of which approximately 1158 are City-owned and administered by the LHC.

Approximately 1026 are delivered by 12 community-based non-profit and cooperative housing corporations who collectively are targeted to provide approximately 632 Rent Geared to Income Units and 394 units at affordable market rent.

The Province of Ontario amended the *Housing Services Act, 2011*, and O. Reg. 367/11 to enable Service Managers (SMs) and Housing Providers to move from the legislated funding and compliance relationship to a new contractual relationship as provincially guaranteed mortgages are discharged.

A CMSM/DSSAB technical table worked over the summer of 2022 to develop Service Agreement Principles and suggested Key Terms and Conditions. The

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Key Terms and Conditions include mandatory provisions required under the HSA and optional clauses.

A group of CMSMs and DSSABs approached the Housing Services Corporation (HSC) to request that HSC procure and retain a lawyer to develop a standard Service Agreement Template (the Template) on behalf of the group. HSC issued a request for quotations and retained Borden Ladner Gervais (BLG) on behalf of the group.

HSC facilitated meetings of participating CMSMs/DSSABs to establish the approach to the Template and to identify additional provisions to be included. Participating CMSMs/DSSABs had the opportunity to review the draft template and HSC provided their consolidated comments to BLG.

BLG legal services costs were divided equally among the 37 participating CMSMs/DSSABs. HSC's services for the Template project were provided free of charge.

## 9.1 Impact

If the City is not able to establish new Service Agreements with housing providers reaching the end of their operating agreements, there may be implications such as:

1. Loss of affordable rental housing stock.

Community housing providers could choose to sell their buildings to for-profit enterprises. Additionally, housing providers may increase rents to unaffordable rates to better meet operating and capital expenses.

2. Loss of the public benefit of the significant government investments made through years of mortgage subsidy and capital grant funding that was provided to housing providers in exchange for affordability.
3. Loss of rent-gear-to-income (RGI) units secured through rent supplement agreements.

If the City does not negotiate and enter into new rent supplement agreements at the end of the existing operating agreements, housing providers may choose to discontinue their existing rent supplement agreements. This could compromise the City's ability to deliver a supply of RGI housing that meets Brantford's prescribed service levels.

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Terminating official ties with non-profit housing providers that have a wealth of knowledge gained in part as a result of the City's investment in capacity-building projects, competence in housing development and management, and strong community relations is detrimental.

City of Brantford staff aim to sustain and progress the Service Manager's community housing options through the development of new agreements with non-profit housing providers. This will ensure continued affordability for tenants, support existing affordable rentals by assisting housing providers with capital repairs and expansion along with ensuring units that are under the new agreement are occupied by applicants from the centralized waiting list.

Developing new agreements with community housing providers offers opportunities to maintain and potentially expand the scope of the Service Manager's housing portfolio and better meet the City of Brantford and the County of Brant's diverse housing needs by securing the existing supply of affordable housing and maintaining levels of affordability.

Strong partnerships with community housing providers is crucial in order to continue to provide citizens with affordable housing options and housing stability.

## **9.2 New Agreements will include:**

- Offering financial support to housing providers, allowing for them to continue providing affordable rents.
- Establishing requirements for housing providers to maintain or increase their supply of rent supplement units thus protecting tenants.
- Negotiating a number of units be reserved for residents in receipt of rent supplements.
- Support of rebuilding and regeneration that is consistent with city goals addressing a large range of equitable housing options.
- Providing housing providers access to capital planning resources and funding opportunities.
- Creating performance indicators and reporting schedules to promote the creation of high-quality housing that complies with best practices.

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- Offering continued access to supports provided by the City and sector organizations, including housing consultants, training and resources and asset management technical expertise.

New agreements will redefine and strengthen the City's relationship with housing providers through agreements that are more adaptable, less directive and able to take account the specifics of each housing project. New agreements will assist in strengthening the non-profit housing sector's capability to contribute to the capacity and sustainability of the affordable housing sector.

## **10.0 Financial Implications**

While there are no immediate financial implications with this report; as housing provider mortgages mature and operating agreements expire, resulting financial implications will need to be considered.

As new agreements are developed with housing providers, a critical piece includes the requirement of a Financial Plan to ensure sustainability of the housing project and ongoing affordability for tenants. The financial plan must address the operating and capital needs of the housing project and be revisited every five (5) years.

Additional funding will be required in order to provide sufficient incentive for providers to remain within the Community Housing system. As part of the National Housing Strategy, the federal government has already begun reinvesting the savings it would have realized from the pay out of mortgages. In partnership with the Province of Ontario, it has created the Canada Ontario Community Housing Initiative (COCHI) which is primarily intended to support providers that have reached End of Mortgage and End of Agreement. This is a valuable resource for Brantford to address some of the needs of Social Housing providers at End of Mortgage, but it is not sufficient to meet all the financial needs.

As housing providers reach end of mortgage and either enter into a new agreement with the Service Manager, or choose to exit, there will be a need for further financial contributions to support and retain community housing providers and critical housing stock.



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## 11.0 Climate and Environmental Implications

There are no Climate and Environmental implications attached to this report.

## 12.0 Conclusion

Sustaining and protecting existing affordable rental units is crucial to strengthening the supply of non-profit affordable rental housing in Brantford. New service agreements will allow the City as the Service Manager to maintain or re-establish key partnerships and access to affordable rental housing stock. This will present opportunities to maintain or increase levels of affordability and promote good quality community housing.

Entering into new agreements with community housing providers is a critical piece to being able to offer increased affordable housing. New agreements with current non-profit housing providers will allow for terms that better meet the unique needs of each individual housing provider, while simultaneously securing and supporting the available affordable housing stock.

By building on established relationships with community partners, the City of Brantford, as the Service Manager, can ensure that the public investment made in non-profit housing providers continues to yield affordable housing options.



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Attachments (if applicable)

Appendix A- Service Agreement Framework Template

Appendix B- List of Housing Providers with Locations

Copy to: NA

In adopting this report, is a by-law or agreement required? If so, it should be referenced in the recommendation section.

By-law required  yes  no

Agreement(s) or other documents to be signed by Mayor and/or City Clerk  yes  no

Is the necessary by-law or agreement being sent concurrently to Council?  yes  no