

CITY GUIDELINE

Number: 2015-6

Date Issued: July 1, 2015

Effective Date: October 1, 2015

The policies and procedures in this City Guideline are to be implemented under the following programs:

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| <input checked="" type="checkbox"/> HSA*, Part VII, Market and RGI** | <input type="checkbox"/> Non-Profit Housing Section 95 |
| <input checked="" type="checkbox"/> HSA, Part VII, 100% RGI | <input type="checkbox"/> Rent Supplement Programs |
| <input type="checkbox"/> Federal Non-Profit Housing Section 26/27 | <input type="checkbox"/> Toronto Community Housing Corporation |

Please note: If your program is not checked, this City Guideline does not apply to your project.

** Housing Services Act, formerly section 110 of the Social Housing Reform Act **Rent-Geared-to-Income*

Subject: Conflict of Interest

Background:

The Housing Services Act, Regulation 367, section 100 permits the City of Toronto, as service manager, to make local standards for the operation of HSA Part VII housing projects, including a local standard for conflicts of interest of directors, employees and agents of a housing provider.

This City Guideline directs housing providers to comply with the Local Rule - Conflict of Interest.

Housing providers may need to amend their by-laws in order to comply with the Local Rule - Conflict of Interest. As an interim measure, the Board of Directors will have to adopt the new rules by the effective date of this City Guideline. The members of the corporation must adopt the by-law amendments at the next Annual General Meeting.

The Local Rule – Conflict of Interest is:

1. Conflict of Interest Defined

A conflict of interest exists if any of the following situations occur:

- a) the personal or business interests of a director, officer, agent or employee of a housing provider are in conflict with the interests of the housing provider, or,
- b) a personal gain, benefit, advantage or privilege is directly or indirectly given to or received by a director, officer, agent or employee of the housing provider or a person related to one of them as a result of a decision by the housing provider.

A related person includes a parent, spouse, child, member of the household, close personal friend, sibling, uncle, aunt, nephew, niece, cousin, mother-in-law, father-in-law, sister-in-law, brother-in-law, grandparent, or a person with whom the director, officer, agent or employee has a business relationship.

A conflict of interest includes but is not limited to situations in which

- i. a director, officer or agent of the housing provider receives remuneration or other forms of compensation for undertaking work for the housing provider, or
- ii. a person related to a director, officer, agent or employee receives remuneration or other compensation for undertaking work for the housing provider or is employed by a person or business undertaking work for the housing provider.

Exception: A director or officer of a non-profit co-operative may receive gross remuneration of up to \$100 per month for on-call duties.

- c) a director or officer owes arrears of greater than one month's rent/housing charge to the housing provider or has been in arrears more than three times in the past twelve months.

2. Avoiding Conflict of Interest

A director, officer, agent or employee of the housing provider must not enter into any situation, arrangement or agreement which results in a conflict of interest.

3. Conflict of Interest Declaration – Standing Agenda Item

- a) The Board of Directors must include "Conflict of Interest Declaration" as a standing item on their meeting agendas.
- b) The "Conflict of Interest" standing agenda must state that arrears of a board member is a conflict of interest.

4. Notice of Conflict of Interest

- a) Directors, officers, agents and employees of the housing provider must notify the President of the board of directors of the housing provider in writing of every

potential or actual conflict of interest, within five business days of becoming aware of the potential or actual conflict.

- b) The President of the board of directors of the housing providers must notify all other directors in writing of every potential or actual conflict of interest within 5 business days of receiving notification of the potential or actual conflict.

5. Board actions when conflict of interest exists

- a) The board of directors must notify the City of Toronto, Social Housing Unit in writing of the receipt of every notice of actual or potential conflict of interest as defined in this City Guideline.
- b) The board of directors must consider a notice of actual or potential conflict of interest at the first meeting of the board after the notice is given. The meeting of the Board must take place within 30 days of receiving the notice of conflict.
- c) The board of directors must record its discussion of the notice of conflict of interest and their decision in the minutes of the meeting and report the decision to the City within five business days after the meeting.
- d) The board of directors must resolve every conflict of interest or potential conflict of interest to the satisfaction of the City. If the conflict of interest concerns the arrears of a board member, the City will be satisfied if the resolution meets the requirements of the [CHF Canada Model Occupancy By-law](#) for Ontario co-ops (see Resources on the next page).

6. Exceptions to conflict of interest provisions

Despite subsection (2), a director, officer, agent or employee or a person related to one of them may directly or indirectly receive a gain, benefit, advantage, or privilege from the housing provider if all of the following conditions are satisfied:

- a) A notice of the conflict of interest or potential conflict of interest is given in accordance with sections 3 and 4.
- b) The Social Housing Unit agrees that there is no reasonable alternative for the housing provider other than entering into the situation, arrangement or agreement that results in or may result in the conflict of interest.

7. Conflict of Interest Policy and Business Process Required

All housing providers must adopt a conflict of interest policy and business process that complies with the Local Rule on conflict of interest.

8. Conflict of Interest Policy Acknowledgement

- a. Housing providers must give all their directors, officers, agents and employees a copy of the housing provider's conflict of interest policy, and

b. All directors, officers, agents or employees of the housing provider must sign an acknowledgement and undertaking each year stating that they have read and they understand their obligations under the housing provider's conflict of interest policy.

Action Required:

1. All housing provider directors, officers, agents and employees must comply with the City of Toronto's Local Rule - Conflict of Interest.

For more information, or if you have questions or concerns, please contact your Social Housing Consultant.

Rob Cressman
Director, Social Housing

Resources:

The Co-operative Housing Federation (CHF) of Canada, Ontario Region and the Co-operative Housing Federation of Toronto (CHFT) have prepared a new *Model Occupancy By-Law*. The *Model Occupancy By-Law* contains a section on director arrears.

The *Model Occupancy By-Law* is posted in Word and pdf formats in the *Forms, by-laws and more* section of the Resource Centre on CHF Canada's website (www.chfcanada.coop). It is available free of charge to CHF Canada and CHFT members.