THE REGIONAL MUNICIPALITY OF YORK

Housing York Inc.
November 7, 2007
Report of the
General Manager

HOUSING PROVIDER PERFORMANCE INDICATOR COMPARISON

1. RECOMMENDATION

It is recommended that:

1. This report be circulated by the Secretary of the Corporation to the Social Housing Services Corporation and that Housing York Inc. offer its ongoing support and commitment to the further development of Social Housing Services Corporation's Performance Indicator system for housing providers.

2. PURPOSE

This report responds to a Board request to provide information that compares Housing York Inc. with other social housing providers.

The report also discusses the significant challenges associated with collecting and reporting comparative key performance indicators in the social housing sector.

3. BACKGROUND

The *Social Housing Reform Act, 2000* recommended the establishment of a performance indicator system to enable comparisons among Service Managers and housing providers. This has long been a challenge in the sector, as direct comparisons are difficult if not impossible, due to the variety of geography, building and organizational structures that exist across the province. As well, housing providers receive limited funding and often lack the staff and other resources to effectively track and analyze the data processes required to effectively draw comparisons. The Social Housing Services Corporation assumed this task and introduced software systems for Service Managers and for housing providers in 2004. York Region staff participated in developing and piloting both systems. Participation is voluntary and the initial uptake by providers was encouraging but participation, largely due to systemic barriers, has dwindled in subsequent years rendering the system ineffective.

Housing providers remain reliant on their own year-over-year performance indicators as measurements of success.

4. ANALYSIS AND OPTIONS

4.1 Systematic barriers make housing comparatives elusive

It has long been recognized that making performance comparisons amongst housing providers is complicated. Some of the reasons are noted below.

- *Voluntary participation*—sharing performance related information with other providers is optional.
- *Resource constraints*—housing providers are funded to maintain property management operations; therefore many organizations do not have skilled resources available to maintain the workload associated with key performance indicators.
- *Duplication of effort*—the Social Housing Services Corporation system requires that providers manually input financial data from existing reports when many providers have already automated their own internal calculations.
- *Complexity*—calculations tend to be complicated and subject to interpretation, particularly for municipal providers who administer multiple programs and funding formulas.
- *Organization structure*—things like building type, location and age; unit mix (market versus rent-geared-to-income), and tenant mix (senior, family), have some bearing on costs.
- *Portfolio size*—economies of scale impact some of the outcomes.
- *Accounting and technology*—differences in accounting policies and software systems create variations in the provider's ability to complete key performance indicator calculations on an apples-to-apples basis.
- *New business initiatives*—resourceful property management practices or innovative investment in the buildings, such as an energy management program, makes some comparisons with others less meaningful.

4.2 What is the status of the Social Housing Services Corporation Performance Indicator System?

The Social Housing Services Corporation funded a web-based performance indicator system to assist in measuring a provider's performance against their own past results and those of peers. It features the ability to compare 18 key performance indicators across a variety of financial areas. Conceptually, the system allows a provider to compare themselves with any participating provider in the province on an anonymous basis.

Due to the reasons noted earlier, the system experiences low utilization. Housing York Inc. has populated two years of data and is not able to make any meaningful comparisons in any of the 18 performance areas.

The Social Housing Services Corporation recognizes the barriers. In July 2007, they hosted a conference where "Raising the Bar on Performance" was a key theme. The challenges with the performance indicator system were evaluated. Housing providers and Service Managers, including York Region, offered considerable feedback which is still under review. In the meantime the system continues to be promoted by the Social Housing Services Corporation as a continuous improvement tool at every opportunity.

4.3 Housing York Inc. compares performance with two similar housing providers

Comparatives with similar municipal housing providers offer the best comparison. This report compares Housing York Inc. with two other municipal providers who have a large portfolio size, employ unionized staff, and directly manage their properties.

4.3.1 All comparators reflect favourably for Housing York Inc.

There are three key performance indicators offered in the analysis. Providers are identified anonymously to maintain confidentiality.

4.3.2 "Manageable Cost per Unit" indicator in range with similar providers

When 'Manageable Cost per Unit' is compared to two similar municipal providers, Housing York Inc. is in the middle as noted in Table 1. The variances are small and Housing York Inc. is within 1.1% of the provider with the best results.

Table 1
Manageable Cost per Unit - 2006
Comparison of Housing York Inc. to other Municipal Providers

Provider	Manageable Cost per Unit
Housing York Inc.	**$2,917**
Provider A	$2,886
Provider B	$3,105

'Manageable Cost per Unit' is commonly recognized as the most consistent indicator for measuring housing provider financial performance. This indicator measures the direct operating cost of managing buildings. Manageable costs include:

- Building operating costs.
- Contracted services for regional staff and external service providers.
- Office supplies and miscellaneous administrative costs.
- Corporate overheads such as office space, telephones, technology.
- Insurance.
- Bad debt expense.

Municipal providers tend to have higher manageable costs than private non-profits due to higher labour and overhead costs that are not applicable to smaller organizations.

There is a caution with this key performance indicator for municipal providers. There can be disparities on how administration costs, or overheads, are allocated to the housing corporation from the related municipality.

4.3.3 Housing York Inc. leads municipal comparators in two other categories

Two additional comparisons with municipal providers for insurance cost per unit and bad debt expense per unit indicate that Housing York Inc. is a leading performer. Table 2 compares Housing York Inc. to similar municipal providers.

Table 2
Insurance and Bad Debt Cost per Unit - 2006
Comparison of HYI to Similar Municipal Providers

Provider	Insurance Cost/Unit	Bad Debt Cost per Unit
Housing York Inc.	$ 82	$ 39
Provider A	$125	$ 48
Provider B	$107	$ 66

Both of these indicators have caveats that must be understood before drawing conclusions. In the case of insurance, the provider's policy coverage could influence the cost per unit, such as the amount of deductible carried by the provider. Prior years' claims history may also drive premium costs higher or lower.

In the area of bad debts, timing and materiality limits specified in the provider's write-off policy may create variations when comparing key performance indicators. In this report it is assumed that the auditors' review of bad debts ensures some degree of reasonableness thereby making it a valid comparator related to arrears collections.

4.4 Challenges to collect and report comparative data

Staff faced two challenges in preparing this report; identifying appropriate and cooperative service providers, and overcoming systematic barriers to data collection.

4.4.1 Why these service providers?

An external consultant was engaged in March 2007 to gather data and provide analysis on a variety of topical areas. His work plan indicated that he would contact up to eleven large providers in southern Ontario. However, when he encountered difficulty in obtaining responses he ultimately disengaged from his assignment providing only raw data from four providers.

Regional staff undertook the analysis of the raw data and supplemented it with web site searches of the four respondents. There were a number of inconsistencies noted in their submissions which could not be clarified without inconveniencing their resources. It was ultimately concluded that two of the respondents were not suitable comparatives.

The three key performance indicators noted in Sections 4.3.2 and 4.3.3 emerged as comparisons which offered the highest level of consistency and accuracy.

5. FINANCIAL IMPLICATIONS

As more providers adopt a business model that encourages financial goals and objectives, there is growing interest in the ability to compare results both internally and with peers. Many of the challenges cited in this report will require further commitment by stakeholders to make the process of sharing key performance indicator information efficient and effective.

The manageable costs as given in the performance indicator reflect the approved Housing York Inc. budget allocations.

6. LOCAL MUNICIPAL IMPACT

Housing York Inc. provides affordable housing throughout the local municipalities in York Region. In the spirit of its Statement of Principles, Housing York Inc. attempts to deliver its mandate by providing the right service at the right time at the right place at the right cost.

7. CONCLUSION

The limited comparison available suggest that Housing York Inc. is operating within a comparable range to similar providers, however the difficulty of obtaining comparable data requires that caution be exercised in drawing a conclusion.

Until such time as a systematic system of securing reliable comparable data is available, it may be more useful for Housing York Inc. to focus on “it’s own year over year performance metrics” to monitor its success

For more information on this report contact Sylvia Patterson, Assistant General Manager, Housing Services Branch in the Community and Health Services Department.

The Senior Management Group has reviewed this report.

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KC/SP/sd

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