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### **SOCIAL HOUSING PROVIDERS REVIEW 2009 ANNUAL ACTIVITY UPDATE**

**The Community and Health Services Committee recommends the adoption of the recommendation contained in the following report dated March 25, 2010, from the Commissioner of Community and Health Services.**

#### **1. RECOMMENDATION**

It is recommended that this report be received for information.

#### **2. PURPOSE**

This report provides information regarding the Region's 2009 housing provider performance management activity.

#### **3. BACKGROUND**

Under the *Social Housing Reform Act, 2000*, and as Service System Manager, the Region is responsible to ensure that social housing providers manage their operations well and in compliance with applicable legislation.

The Region's social housing portfolio consists of 42 housing providers including Housing York Inc., who collectively operate 72 housing properties. Approximately 6,000 low and moderate income households live in the Region's social housing communities.

The social housing portfolio is a significant social and physical asset. On an annual basis the Region contributes approximately \$35 million through subsidies to housing providers. The portfolio has a current value assessment of approximately \$680 million with an estimated replacement cost of about \$1.3 billion.

#### **4. ANALYSIS AND OPTIONS**

##### **The Region measures and manages housing providers' performance**

The Region measures and manages housing provider performance through:

- Operational and rent-gear-to-income (RGI) administration reviews.
- Annual financial statements and Annual Information Return reviews.
- Reviews of tenant requests for reconsideration of housing providers' RGI decisions.

- The housing provider Building Repair Management Program.
- Recognition, training, and coaching for housing provider boards and staff.

**In 2009, the Region conducted a total of 11 operational and RGI administration reviews**

Operational and RGI administration reviews assess housing provider compliance with legislative and program requirements. An RGI review is a comprehensive evaluation of all aspects of the housing provider's RGI activities, with detailed file assessments to confirm that RGI assistance is calculated correctly and that wait list procedures are followed. Generally speaking, housing providers manage the RGI program effectively.

During an operational review, the Region examines and evaluates all aspects of the housing provider's operations. Particular attention is paid to board governance, fiscal management, RGI program administration and asset maintenance management. The housing provider's board of directors is notified in writing of any issues identified through the review. The housing provider is then required to provide written confirmation that all issues have been resolved to the Region's satisfaction. Regional program staff provide training and support as needed.

The *Social Housing Reform Act, 2000* sets out a list of housing provider issues and actions, known as triggering events, that are serious enough to warrant the implementation of compliance enforcement measures, or remedies. Examples of triggering events include contravention of the *Social Housing Reform Act, 2000* or the accumulation of a material and excessive operating deficit. Remedies available to the Region include seeking the consent of the Minister of Municipal Affairs and Housing to replacement of board members and appointment of a Receiver. If an operational review identifies triggering events, the Region issues a notice to the housing provider and engages in an intensive remediation process. The housing provider is required to develop and adhere to a work plan to resolve the identified issues and to regularly report their progress to the Region. Regional staff frequently attend the housing provider's board meetings to provide support during this process. At the end of 2009 there were two housing providers operating under Notices of Triggering Events. Both are demonstrating significant progress towards resolving their issues.

The *Social Housing Reform Act, 2000* requires the Region to notify the Minister of Municipal Affairs and Housing if a housing provider's financial situation becomes so serious that the mortgage security may be impacted. Housing providers in this situation are designated as Projects in Difficulty. The Region has only one Project in Difficulty. That project is currently administered by a Court Appointed Receiver and has been the subject of separate reports to Council.

### **The Region reviews housing providers' audited financial statements and Annual Information Returns**

The *Social Housing Reform Act, 2000* requires housing providers to submit audited financial statements with five months after fiscal year end. The Annual Information Return is a provincial program specific form used for the reconciliation of subsidies and for provincial reporting requirements.

Regional staff review and analyze the annual financial package to assess financial performance and to identify opportunities to improve business practices. Staff provide coaching and support as needed.

### **The Region reviews tenant requests for reconsideration of housing providers' RGI decisions**

The *Social Housing Reform Act, 2000* entitles RGI households to ask the Region to review any RGI decision made by their housing provider. Reviews typically pertain to the RGI rent calculation or a decision that the household is no longer eligible for RGI. The reviews help ensure appropriate RGI program administration while providing a valuable quality control mechanism that enables the Region to further monitor housing providers' RGI administration.

Although housing providers make thousands of RGI decisions each year there were only 49 requests for review in 2009. More than half of the requests were situations where the housing provider had given notice to terminate the RGI assistance. The *Social Housing Reform Act, 2000* eligibility rules are both extensive and punitive. Tenants are required to provide current documentation to verify every source of income and any assets. This requirement can be challenging for some tenants. If a tenant fails to provide information as required, the housing provider must terminate RGI assistance. Tenants who lose their assistance typically lose their homes. This is a harsh consequence for failing to provide complete documentation. The review process is the only legal mechanism to give tenants a second chance to retain their RGI assistance.

The Region upheld the housing providers' decisions in 21 cases and changed the decision in the remaining 28. Most of the changed decisions were RGI reinstatements where the tenant provided the required information. The remainder were calculations of RGI rent or retroactive rent charges. Where a recalculation was the result of a housing provider error staff provide additional training as needed.

### **The Region administers a housing provider building repair management program**

The building repair program includes various funding sources with the technical and project management support required to assist housing providers in effectively using the funds. In 2009, funds were provided under the following programs:

- Provincially funded Social Housing Renovation and Retrofit Program
- Provincially funded Capital Repair Program
- Regional initiatives (additional subsidy, surplus sharing and innovation funds)

The Regional initiatives are funded as part of the annual budget process. The Provincial programs will provide more than \$17 million over a two to three year period. A report detailing 2009 building repair activities will be provided at a later date.

### **The Region supports and recognizes the efforts of housing providers' volunteer boards of directors**

Social housing is funded by the Region but delivered by volunteer organizations. Without the efforts of volunteer boards of directors, the housing system would be far more costly to administer. In 2009, Housing Services offered a workshop for housing providers followed by a recognition event celebrating the contributions of volunteer board members. Long service recognition certificates were presented to 80 volunteer board members that served for ten or more years.

### **Social housing providers face on-going challenges**

There are approximately 6,000 social housing units in the Region, two-thirds of which are owned and operated by non-profit or co-operative organizations with volunteer boards of directors. Most of these organizations are very small. About half of the 41 providers operating in the Region have portfolios of 100 units or less and only five have more than 150 units. Housing York Inc., with approximately 2,000 units, is the only large provider in the Region.

These small organizations manage an enormous range of responsibilities with limited staff resources. Typically, these responsibilities are managed by a volunteer board and one, or at most two, employees or management company staff. It is difficult for one employee to develop the expertise required in every aspect of the housing provider's obligations. Consequently, in addition to compliance monitoring, Regional program staff provides on-site coaching and support resources, such as training materials and agency referrals to support housing providers. In recent years, the Region has also provided considerable staff support to enable housing providers to identify appropriate capital projects and to manage the work in a cost effective and professional manner.

## **5. FINANCIAL IMPLICATIONS**

The Region's social housing portfolio is a valuable community asset with an estimated replacement cost of approximately \$1.3 billion. Most importantly, social housing is home to approximately 6,000 low and moderate income households. The Region provides annual operating subsidies to housing providers, with 2009 subsidies of approximately

\$35 million. The Region works with housing providers to enhance their performance and to address any emerging financial issues before they become major problems.

## **6. LOCAL MUNICIPAL IMPACT**

Social housing communities are found in every municipality of the Region. Effective management of housing provider performance ensures that they continue to provide valuable services in their communities.

## **7. CONCLUSION**

The Region manages housing provider performance through operational reviews, RGI administration reviews, annual financial reviews, RGI decision reviews and a Building Repair Management Program. Training and support are provided as needed to ensure program compliance and to optimize performance.

For more information on this report, please contact Sylvia Patterson, General Manager of Housing and Long Term Care at Ext. 2091.

The Senior Management Group has reviewed this report.