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MANAGING HOUSING PROVIDER PERFORMANCE ACTIVITY REPORT FOR THE YEAR 2007

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report, April 3, 2008, from the Commissioner of Community and Health Services:

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

This report provides information regarding Housing Services' activities to manage housing provider performance in 2007.

3. BACKGROUND

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

The Region's social housing portfolio consists of 43 housing providers including Housing York Inc. who operate 72 housing complexes, and house approximately 6,000 households. It is home to thousands of York Region seniors and families. Some of these residents have disabilities, most have very limited incomes, and all rely on the affordable housing provided to them.

The social housing portfolio is a significant social asset and physical asset. The Region annually contributes approximately \$35 million through subsidies to housing providers. It has a property tax assessment of approximately \$500 million and has an estimated replacement cost of about \$1 billion.

4. ANALYSIS AND OPTIONS

The Region manages housing providers' performance

The Region measures and manages housing provider performance through:

- Operational reviews.
- Rent-geared-to-income administration reviews.
- Housing providers' rent-geared-to-income decision reviews.
- Training and technical supports.

Measuring performance through operational reviews and rent-geared-to-income program administration reviews

Regional staff conduct operational reviews to assess housing provider compliance with legislative and program requirements. During an operational review, the Region examines and evaluates all aspects of the housing provider's operations, with particular attention to board governance, fiscal management, rent-geared-to-income program administration and asset management.

Operational reviews are typically conducted on a three to five year cycle, more frequently if the Region has concerns about the housing provider's performance. To ensure appropriate allocation of rent-geared-to-income subsidies, in addition to regular operational reviews, the Region completes periodic reviews of housing provider rent-geared-to-income program administration.

Subsequent to each review, regional staff prepare a report identifying any aspects of the housing provider's performance that must be corrected. The report also recommends best practice process improvements for consideration by the housing provider's board of directors. The housing provider is required to provide the Region with a plan to address any issues identified in their report. Regional staff attend board meetings and provide training and other resources as required to resolve issues and improve performance.

In 2007, the Region conducted 11 housing provider operational reviews and 18 rent-geared-to-income program administration reviews. Most of the housing providers reviewed are performing quite well.

Table 1
Housing Provider Performance Reviews: 2007 Activity

Review Type	Number of Reviews
Operational Reviews	11
Rent-Geared-to-Income Program Administration Reviews	18

Managing weak housing provider performance through notice

If an operational review identifies serious legislative non-compliance or unsustainable operational practices, the Region may issue a **notice** to the housing provider advising

them that they are in breach of their obligations under the *Social Housing Reform Act, 2000*.

When a housing provider is under notice, the Region has additional powers to intervene in the housing provider's operations as required. The housing provider remains under notice until such time as the identified issues are resolved.

As of December 31, 2007, there were four housing providers under notice and one housing provider in receivership. Details of the receivership have previously been reported to Council.

The Region's goal is to bring the operations of housing providers under notice up to an acceptable standard. Regional staff work with these housing providers to develop management plans to improve financial management, strengthen corporate governance and ensure legislative compliance. Regional staff regularly attend housing providers' board meetings, monitor financial reports and provide one on one coaching as needed.

If a housing provider is not making satisfactory progress, the *Social Housing Reform Act, 2000* empowers the Region to implement significant remedies, including appointment of a receiver. Since receiverships are costly, the Region actively seeks alternative resolution mechanisms.

When the Region determined that the well-intentioned, but inexperienced Board of Directors of one of the four housing providers simply did not have the capacity to fulfill their obligations without extensive, on-going support, the Region worked with the Cooperative Housing Federation of Toronto to engage a Board mentor to provide the intensive leadership training and support required. This housing provider is now making consistent progress. The Region continues to work closely with all four housing providers as they move towards financial and operational health.

Reviewing housing providers' decisions to ensure appropriate program administration

The *Social Housing Reform Act, 2000* entitles any member of a rent-geared-to-income household to ask the Region to review any rent-geared-to-income decision made by their housing provider. There are two principle types of reviews; reviews of a rent calculation decision, and review of a termination decision.

Calculation Decision Reviews

Of the thousands of calculation decisions made in 2007, there were only 32 rent-geared-to-income calculation decision review requests. Of these, 27 reviews were conducted. The remaining five were not considered as they were submitted long after the time limit to request the review had passed,.

Of the 27 reviews conducted only eight (30%) resulted in a new decision. Housing Programs' staff followed up with the housing providers to review the corrected calculations, providing supplementary training as needed.

Termination Decision Reviews

The *Social Housing Reform Act, 2000* requires tenants, receiving rent-geared-to-income assistance, to provide updated income and household composition information regularly.

If for any reason a tenant fails to provide information as required, the housing provider is obliged to terminate rent-geared-to-income assistance.

Tenants who lose their assistance typically lose their homes. This is a harsh consequence for failing to provide complete documentation. The Region uses the review process as a means to give tenants a second chance to retain their assistance and their housing.

When a tenant requests a review of a rent-geared-to-income termination decision, the Region gives the tenant an opportunity to submit the outstanding documentation. Since the *Social Housing Reform Act, 2000* allows the reviewer to change the decision, if the tenant provides the information, the Region reinstates the rent-geared-to-income assistance.

In 2007, there were 45 requests for review of rent-geared-to-income termination decisions. The Region reinstated rent-geared-to-income assistance for the 36 households that provided their required information.

Table 2
Housing Providers' Decision Reviews: 2007 Activity

Original Decisions	Total Reviews Conducted	Upheld Decisions	New Decisions
Rent-geared-to-income Calculations	27	19	8
Loss of Subsidy	45	9	36

Working with housing providers through training and support enhances performance

Delivered five housing provider education sessions

In 2007 Housing Services delivered a number of housing provider training sessions designed to:

- Educate and inform on legislative changes.

- Improve corporate governance.
- Improve arrears and vacancy management.

The Region offered a full-day conference on preventative maintenance and capital management. The Region also provides written resources to assist housing providers in understanding and fulfilling their legislative obligations. For example, specific updates included asbestos management and elevator maintenance requirements.

Regionally administered housing providers received more than \$900,000 in energy conservation incentive funding

The Social Housing Services Corporation works with various government bodies to coordinate energy management initiatives that benefit social housing providers. Housing providers can apply directly through Social Housing Services Corporation for these programs, but many housing providers lack the skills required to manage the application process and implementation of complex energy programs. The Region works with these housing providers to ensure that they are able to access available funding. In 2007, housing providers administered by the Region received more than \$700,000 in energy incentive funding through Social Housing Services Corporation programs. In addition, Newmarket Hydro worked directly with the Region and housing providers in the Town of Newmarket to create and implement specified energy saving strategies for participating buildings. The Newmarket Hydro initiative contributed more than \$200,000 to local housing providers administered by the Region.

Consulting with housing providers

The Region maintains positive working relationships with housing providers by regularly consulting with a reference group comprised of housing provider representatives and by periodically hosting events to recognize the contribution of volunteer boards.

5. FINANCIAL IMPLICATIONS

The Region's social housing portfolio is a valuable community asset with an estimated replacement cost of approximately \$1 billion. Most importantly, social housing provides homes for approximately 6,000 York Region households. The Region provides annual subsidies to housing providers, with a 2007 budget of approximately \$35 million. The Region's housing provider performance management strategy gives housing providers tools to continually enhance their performance and enables the Region to identify any emerging operational issues before they become major problems. Regional staff work closely with weak performers, supporting the development and implementation of management plans designed to return the corporation to financial and organizational health.

6. LOCAL MUNICIPAL IMPACT

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

7. CONCLUSION

The Region's housing provider performance management strategy employs performance measurement and performance enhancement. Regularly measuring performance through operational reviews, rent-geared-to-income administration reviews and reviews of housing providers' rent-geared-to-income decisions enables the Region to identify issues and provide supports to help housing providers' improve their operations. In 2007, the Region conducted 11 operational reviews, 18 rent-geared-to-income reviews and 72 reviews of decisions. The Region is working closely with four housing providers under notice and has provided training and resources to all housing providers to support continued performance enhancement.

For more information on this report, please contact Sylvia Patterson, Director, Housing Services at Ext. 2091.

The Senior Management Group has reviewed this report.