



# INFORMATION REPORT

<b>TO:</b>	Chair and Members Emergency & Community Services Committee
<b>COMMITTEE DATE:</b>	September 8, 2014
<b>SUBJECT/REPORT NO:</b>	Wesley Community Homes Incorporated (CES14046) (Ward 2)
<b>WARD(S) AFFECTED:</b>	Ward 2
<b>PREPARED BY:</b>	Kim Ryan (905) 546-2424 Ext. 6285 Robert McKnight (905) 546-2424 Ext. 3728 Gillian Hendry (905) 546-2424 Ext. 4818
<b>SUBMITTED BY:</b>	Joe-Anne Priel General Manager Community & Emergency Services Department
<b>SIGNATURE:</b>	

## Council Direction:

Not Applicable

## Information:

The purpose of this report is to provide information regarding steps that have been taken by Housing Services Division staff in the role of Service Manager for Social Housing to intervene in the management of Wesley Community Homes Incorporated (Wesley Community Homes).

The Wesley Community Homes portfolio is comprised of a 115 unit alternative housing development located at 195 Ferguson Avenue North in Hamilton. Alternative housing is the term for social housing providers whose mandate is to provide housing for the “hard to house” population. Wesley Community Homes is one of three social housing providers in Hamilton that provide alternative social housing. The other two providers are Good Shepherd Non-Profit Homes and Artabab Non-Profit Homes.

The City of Hamilton has oversight responsibility for Wesley Community Homes in its capacity as Service Manager under the provincial *Housing Services Act* (HSA) and is required to use reasonable efforts to assist a housing provider if they become aware of a situation(s) which may trigger an event listed under section 83 of the Act. Section 83 of the Act lists twelve situations that trigger the necessity of further action or remedies by the Service Manager in order to rectify the situation.

The identified triggering event for the management of Wesley Community Homes is:

*83.11 In the opinion of the Service Manager, the housing provider has failed to operate a designated project properly.*

The following is a summary of the situation that has caused the Service Manager to intervene in the management of Wesley Community Homes:

- On October 8 and 9, 2013, Housing Officers from Housing Services Division conducted an Operational Review of Wesley Community Homes. The purpose of operational reviews is to assess the ability of the social housing provider to meet their obligations to the Province under the *Housing Services Act* and to ensure the long term viability of social housing.
- During the Operational Review, 25 directions and 20 recommendations were identified that required the Board of Directors' response and action. Directions are areas of non-compliance that must be addressed by the social housing provider. Recommendations are suggestions that are based on best business practices for social housing. The directions and recommendations from the Operational Review were detailed in correspondence sent to the Board of Directors on February 20, 2014.
- On March 27, 2014 Housing Services Division staff attended a Board of Directors meeting to present the findings and requested responses to the various directions and recommendations. Required response dates vary given the complexity of each of the directions and recommendations. At the time of the writing of this report, Housing Services Division has received no response from the Board of Directors. The most serious of the concerns include:
  - Failure to maintain the property in an adequate state of repair and lack of maintaining the condition of the property;
  - Failure to complete annual financial statements and other financial documentation;
  - Lack of a constructive partnership between the Board and the General Manager of Wesley Community Homes;
  - Failure to promote independent-mindedness and allow votes to be unduly influenced; and,
  - Prolonged Board vacancies and lack of orientation/training for new and current Board members.
- In June 2014, City staff were contacted by Wesley Community Homes's Auditor and informed that the organization would not be able to submit their Audited

Financial Statements as provincially mandated on time for Wesley Community Homes's Annual General Meeting.

- On July 4, 2014, Housing Services Division staff received notification that a Board member had resigned. There has been a history of prolonged vacancies on the Board of Directors, as noted in the Operational Review, and quorum at future meetings of the Board is in question. The latest information the Housing Services Division staff has is that there should be twelve members on the Board, quorum is seven. At present there are seven members on the Board two of whom are resigning effective August 30, 2013.

Section 84 to 90 of the *Housing Services Act* lists remedies and steps that may be taken by the Service Manager to remedy the situation(s) that create a triggering event such as:

- Discontinuing or suspending subsidy payments;
- Appointing an interim receiver or manager;
- Removing some or all of the Board of Directors;
- Appointing one or more individuals as Directors; and
- Appointing an Operational Advisor for the housing provider.

Given the nature of the concerns, Housing Services Division staff recommends two courses of action. The first step is for the Board of Directors of Wesley Community Homes to enter into an Operational Advisor Agreement. Secondly, the City in its role as Service Manager for Social Housing will work with the Board to recruit new Board members and to ensure that all Directors of the Board are fully trained and knowledgeable in their roles.

The City, in its role of Service Manager, has the authority to appoint an Operational Advisor under the *Housing Services Act*. The appointment of an Operational Advisor is the least intrusive and most collaborative option. The role of an Operational Advisor is to work collaboratively with the Wesley Community Homes Board of Directors and their Property Manager to improve the operations of the housing project. Housing Services Division staff have entered into discussion with staff at Good Shepherd Non-Profit Homes to perform the role of Operational Advisor. Staff reviewed the capacity of other high functioning social housing providers and determined that an experienced manager from Good Shepherd would be the best fit for Wesley Community Homes. Good Shepherd Non-Profit Homes has the proven experience to manage social housing for "hard to serve" tenants and has managed downtown apartments as well as scattered homes in their portfolio. The manager who will act as Operational Advisor worked at Wesley Community Homes in the past and is familiar with the building, policies and procedures.

It has proven to be an effective intervention to link experienced social housing providers to provide coaching and mentoring with providers who are experiencing difficulty. At present, CityHousing Hamilton and Kiwanis Homes are providing this function to other social housing providers. CityHousing Hamilton is providing assistance to a social housing provider who requires support with their tenant engagement. Kiwanis Homes is providing property management for another social housing provider.

Housing Services Division staff will work with the Wesley Board of Directors to increase the number of Directors to full capacity and to ensure that the Board is functioning in accordance with related legislation and regulations. At present, challenges with governance are common not only to Wesley Community Homes but also to other social housing providers. In the fall of 2014, Housing Services Division will launch a project to recruit new candidates to volunteer on Boards of Directors for social housing and will facilitate the provision of training in Board Governance.

In 2014, Wesley will receive an annual combined operating and rent-geared-to-income subsidy of \$1,308,619 from the City. There are no additional costs to the City in entering into the Operational Advisor Agreement. The remuneration of the Operational Advisor shall be determined under an agreement negotiated between the Advisor and the City of Hamilton and would be paid out of the operational funds of Wesley Community Homes (as provided for in Section 92 (17) of the *Housing Services Act, 2011*). A standard property management agreement would be used as a base for negotiating the cost.

Housing Services Division staff will negotiate with the Board of Directors to develop a work plan to ensure the effective completion of the recommendations and directions as outlined in the Operational Review. As well, staff will meet regularly with the Board of Directors and the Operational Advisor to monitor progress and provide any needed support such as the recruitment and training of the new Board of Directors. Should inadequate progress be made on the identified issues, despite the intervention of the Operational Advisor and governance supports, a possible next step would be to declare Wesley Community Homes Incorporated a Project in Difficulty under the *Housing Services Act*. It would then be necessary to involve the Ministry of Municipal Affairs and Housing and potentially transfer the management of the corporation to another social housing provider on a permanent basis.