

<b>TO:</b>	<b>CHAIR AND MEMBERS STRATEGIC PRIORITIES AND POLICY COMMITTEE MEETING OF SEPTEMBER 16, 2019</b>
<b>FROM:</b>	<b>ANNA LISA BARBON MANAGING DIRECTOR, CORPORATE SERVICES &amp; CITY TREASURER, CHIEF FINANCIAL OFFICER and SANDRA DATARS BERE MANAGING DIRECTOR, HOUSING, SOCIAL SERVICES AND DEARNESS HOME</b>
<b>SUBJECT:</b>	<b>CITY OF LONDON HOUSING SERVICE REVIEW: PROPOSED ACTION PLAN</b>

<b>RECOMMENDATION</b>
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That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and Managing Director, Housing, Social Services and Dearness Home, the following actions be taken:

- a) the following report **BE RECEIVED** for information
- b) the actions identified in the report **BE APPROVED** and Civic Administration **BE DIRECTED** to take all necessary steps to implement the plan; and,
- c) the City Clerk **BE DIRECTED** to make necessary arrangements to bring forward the appropriate by-laws to implement actions identified in the report.

<b>PREVIOUS REPORTS PERTINENT TO THIS MATTER</b>
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“RFP 18-04: City of London Service Review – Consulting Services,” Strategic Priorities and Policy Committee, March 26, 2018

“Response to London Middlesex Housing Corporation (LMHC) Requested Changes to the Articles of Incorporation and PricewaterhouseCoopers Internal Audit Report,” Strategic Priorities and Policy Committee, March 4, 2019

“City of London Service Review: Project Update”, Strategic Priorities and Policy Committee, April 8, 2019

“City of London Service Review: Review of Service Delivery for Housing”, Strategic Priorities and Policy Committee, August 26, 2019

<b>LINK TO THE STRATEGIC PLAN</b>
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The City of London Service Review links to Council's Strategic Plan 2019 – 2023 strategic area of focus of **Leading in Public Service**, specifically:

- Increase efficiency and effectiveness of service delivery; and
- Maintain London’s finances in a transparent and well-planned manner to balance equity and affordability over the long term

## OVERVIEW

On August 27, 2019, Municipal Council received a report regarding the review of housing services related to the shareholders agreements between the City and London Middlesex Community Housing ("LMCH") as well as the City and Housing Development Corporation, London ("HDC"). Council directed the following:

*That on the recommendation of the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer and Managing Director, Housing, Social Services and Deerness Home, the following actions be taken:*

- a) *the attached Appendix "A" City of London Service Review: Review of Service Delivery for Housing **BE RECEIVED** for information;*
- b) *that Civic Administration **BE DIRECTED** to determine next steps and actions based on the analysis and potential courses of action identified in the KPMG report;*
- c) *that Civic Administration **BE DIRECTED** to work with LMCH to investigate, address and reduce the vacancy rate within their housing portfolio; and,*
- d) *that Civic Administration **BE DIRECTED** to examine the development of affordable housing, consistent with the City's Service Manager legislated responsibility and report back on a recommended option.*

Upon receiving Council's direction, Civic Administration commenced the development of a proposed action plan and creation of additional recommendations for Council's review, consideration and approval. In early September, Civic Administration met with the Boards of Directors and senior staff of both the Housing Development Corporation (HDC) and the London Middlesex Community Housing (LMCH) to discuss the housing review, the direction provided by Council and the process and elements of the proposed action plan. Both organizations have requested that the City review certain elements of the KPMG Report and provide additional clarity. Civic Administration has undertaken this activity and will share any updated information. Both Boards also provided clear feedback and advice for consideration in moving forward.

Civic Administration acknowledges and thanks the Boards and Staff of both organizations for their involvement in discussions, their feedback, suggestions and advice. It is acknowledged that both Boards and specifically their members and their staff, are committed to the provision of effective and collaborative housing services in this community. As volunteers, the City commends the members of the Boards of Directors for the significant contributions they make in support of creating new housing options and supporting those most vulnerable. Both organizations provide valuable services in our community for those most vulnerable and have worked diligently to move their organizations forward.

It is also important to note that while the City of London is the Shareholder for both the HDC and the LMCH, a cost apportionment agreement is in place between the City and the County of Middlesex for homelessness and housing services. In addition a member of Middlesex County Council also serves as a member of the LMCH Board. As such, the County is a significant partner in the provision of homelessness and housing services across London and Middlesex County. County Administration and County Council are both aware of the service review undertaken by City Council and are in receipt of the previous and current reports on this matter.

This report identifies an action plan and timeline that will be implemented to support Council's resolutions.

## ISSUES AND ANALYSIS

### Key Themes Identified From The Housing Review

A number of key themes were identified in the Housing Services Review. They included:

- Challenges with governance oversight and greater than normal vacancies within LMCH's housing stock;

- Concerns about the cost benefits of HDC as a separate entity and the possibility of increased financial risk to the City of London;
- Potential for service impairment and duplication of housing responsibilities across the housing service organizations; and,
- Limited back office integration among the all City housing stakeholders.

### **Activities Undertaken to Address LMCH Vacancy Issues**

The challenges of accessing housing in our community are significant and the need to ensure effective use of existing resources is paramount. For that reason, in advance of Council deliberating on the August 26<sup>th</sup> SPPC report and consistent with information provided by London Middlesex Community Housing, activities have already been initiated to address current LMCH vacancies. This has included initial meetings in March 2019 as well as subsequent discussions to assess what supports would be warranted and what urgent actions are being taken. Discussions between LMCH and Civic Administration are continuing with the desire to support LMCH to reduce the vacancies. Monitoring of this issue will continue and Civic Administration will work directly with LMCH to address the challenge including analyzing processes, with a particular focus on the work order process, implementing corrective action and ensuring that vacancies are reduced to within established benchmarks.

### **Considering Challenges in Context of the Broader Community Housing Landscape**

It is important to note that this service review identified both challenges and opportunities that exist with the City-led and directly supported housing services (including Housing Services Division, LMCH and HDC). It is also recognized that additional challenges exist and have been identified in the broader community housing and homeless prevention service system. Within that system, concerns are frequently expressed regarding the lack of understanding about the roles and responsibilities among housing stakeholders, a desire for better collaboration among partners, especially City-led ones, growing and more serious issues related to homelessness, affordability and supply of housing and a desire from the community to immediately address all concerns.

Similar feedback has also been received over the last several months as the City has implemented its Homeless Prevention and Housing Plan Update process. The update, which will be finalized and submitted to both Council and the Province for approval by the end of 2019, will identify stakeholder feedback and recommendations to address issues and improve housing outcomes. In consolidating consultation feedback received to date, similar housing challenges and recommendations for improvement, greater coordination and clarity are prominent.

In addition, it is known that significant capital investments will be required to ensure the support of the capital asset management needs of the city's existing housing infrastructure, including the units owned and managed by LMCH. Given the magnitude of the investment that LMCH indicates is required based on its Board approved budget submission, it would most certainly require the City, as Shareholder, to consider the issuance of debt, which would be a consideration in the review of the City of London's credit rating. As a result, it would be prudent for the City to look at other organizational and governance structures that might allow debt issuance to not affect the City's debt capacity and annual repayment limits.

As a separate legal entity, the HDC has responsibility for the development of new affordable housing. However, it relies on shared services (from the City) to deliver on a number of administrative requirements including realty, finance, payroll, human resources and information technology. Although some City services lend themselves well to a shared services model, specialized services such as realty and finance are not incremental and thus do not align well with a shared services arrangement. As a result, since the implementation of HDC, the City has incurred additional administrative costs of supporting the HDC that are not fully reflected in the budget of the HDC and for which the City lacks capacity to support incremental work without additional staffing to provide the services. As a separate legal entity, the resources required to fully support HDC's operations need to be included and funded from within its operating budget.

In light of these considerations, it is recommended that a coordinated approach to address the concerns identified through the Housing Services Review, to tackle broader community concerns and to address future financial requirements be implemented. By taking a broader comprehensive approach, the City would endeavor to keep the homeless prevention and

housing system stable, address governance issues, reduce the confusion amongst stakeholders regarding roles and responsibilities and build on activities that support greater coordination and maximize financial investments.

Civic Administration has developed a proposed action plan, and if supported by Council, would oversee the implementation of key elements of the plan. The plan identifies immediate, midterm and longer term actions and roles to be assumed by specific stakeholders.

Respecting the shareholder relationship with both the LMCH and HDC, the Boards of Directors of both organizations may wish to discuss the proposed plan directly with the Shareholder, including delegations to the Strategic Priorities and Policy Committee.

<b>PROPOSED APPROACH</b>
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In order to implement a coordinated and improved approach to both issue resolution and current and future service delivery, it is recommended the City assume increased oversight, at least in the interim, for both the HDC and LMCH. By increasing direct City oversight, and creating greater alignment with the City's Housing Services, Homeless Prevention Services and Social Services, there will be increased opportunities for coordination, collaboration and collective oversight with respect to the provision of services for those seeking housing supports in the community. A more streamlined and integrated approach to all housing service delivery will create greater efficiency, eliminate duplication and as a result ensure the most cost effective approach to support housing service delivery.

Both the HDC and LMCH corporate entities will remain in place and it is recommended that Council consider revised board compositions and oversight requirements for both organizations, for at least an interim period until a final long-term governance decision for the organizations is approved by Council.

Alternatively, Council could in an effort to assist in a transitional capacity, consider changing oversight in the organizations one at time. As an example, Council could change the LMCH Board oversight first and change HDC Board oversight at a later date.

Under all options below, additional resources will be required to support the review activities. This may include staffing resources, access to specific expertise from external consultants as well as any additional supports as required.

**Options for Consideration**

**Option 1: City Council appoints all members of Council to be the Board of the HDC and the Board of the LMCH**

The Boards, including one for each of HDC and LMCH, would be comprised of Council members only. Both Boards would be accountable to ensure the effective and efficient delivery of all services through the leadership teams of the organizations. This would include the implementation of any process improvements and the development of increased collaboration with City Service Areas.

As the Board of LMCH, Council would direct the resolution of vacancy issues, the development of prioritized capital repair and budgetary plans and implementation of process mapping and service improvements. As the Board for HDC, Council would oversee the continued work of the organization and participate in Civic Administration's review of affordable housing services.

**Option 2: City Council appoints a select number of Council members (3-5) to be the Board for the HDC and the Board for the LMCH**

This could either be the same members for both organizations or different members for the respective Boards, as Council deemed appropriate. Alternatively, Council may wish to appoint one of its standing committees such as the Community and Protective Services Committee. The parameters of the appointment and the proposed actions and accountabilities mirror those outlined in Option 1 above.

### **Option 3: City Council appoints a member of Civic Administration to act as the Board for both the HDC and the LMCH**

The member of Civic Administration (which could be a member of the City's Senior Leadership Team (SLT) or another appointed staff person) would act as the Board of LMCH and HDC, and would be directed to ensure the effective and efficient delivery of all services, implement any process improvements and to ensure that all work be done in increased collaboration with City Service Areas.

As the Board of the LMCH, the staff member would oversee the resolution of the vacancy issues, the development of prioritized capital repair and budgetary plans and implementation of process mapping and service improvements. As the Board for HDC, the staff member would oversee the continued work of the organization and participate in Civic Administration's review of affordable housing services.

Civic Administration will oversee the development and implementation of a project team to undertake the actions required to address immediate issues as well as the development and implementation of the broader action plan.

#### **Recommended Option**

Civic Administration recommends that Council direct the implementation of **Option 3**. Appointing a member of Civic Administration to act as the Board of both corporations, for an initial interim period, provides an opportunity for better collaboration as well as more coordinated alignment and oversight of the broader homelessness and housing system in our community.

It is recommended that these appointments be made for an interim basis. Future governance options will be considered as part of the review process and recommendations will be brought back to Council as the Shareholder for their consideration.

It is recognized that Council may wish to consider other options and / or make a different appointment decision. As directed by Council, Civic Administration would endeavor to provide any additional information or take other action to support Council's deliberations. Any appointments to the Boards will be ratified through Council direction and with approval of the relevant by-laws.

#### **Action Plan – Immediate, Short-Term and Longer Term Actions**

Civic Administration has identified a preliminary action plan that will be implemented to address Immediate, Short-Term and Longer Term objectives. As necessary and throughout the process, the plan may be revised to reflect changing needs and/or other considerations. Updates will be provided by the Boards of both organizations.

##### **A. Immediate Actions**

###### **Timeline: Sept 2019 – December 2020**

Priority action items have been identified for each of the two service providers and the two City service areas. The LMCH and HDC CEOs and City Divisional Managers will ensure implementation of required work to address their individual priorities, although it is noted almost all are already underway. They will also be supported to work more closely, in partnership, so as to create increased alignment and collaboration across City services and in support of community initiatives.

Civic Administration will create a project team that will oversee the implementation of the proposed Action Plan. The team would include representatives from various City Service Areas and external resources and experts and will be informed by the work of the two housing organizations, their Boards and their staff.

## **Priority Items**

### **London Middlesex Community Housing (LMCH)**

- Resolve any outstanding operational issues.
- Complete full analysis of vacancy management processes. Conduct process mapping activities, determine protocols and processes and devise revised plans for vacancy management moving forward.
- Continue to take necessary actions to immediately address all current vacancy issues
- Implement accelerated capital work planning and complete capital projects.
- Continue to work in partnership with the City to finalize submission for CMHC capital funding.
- Continue to work in partnership with the City to develop and complete a fully compliant asset management plan.
- Finalize and support Multi-Year Budget (MYB) submission to the City.
- Continue to implement Housing Regeneration Initiative in partnership with HDC and the City.
- Review the LMCH Strategic Plan and tenant engagement activities to ensure alignment with current core service delivery requirements.

### **Housing Development Corporation (HDC)**

- Continue to implement all housing development activities including reviews of all new affordable housing proposals.
- Continue to facilitate LMCH Housing Regeneration initiative in partnership with HDC and the City.
- Lead/continue vacant land and school land development processes.
- Ensure the implementation of all activities consistent with the Assignment Agreement with the City including the Ontario Priorities Housing Initiative (OPHI).
- Work with internal City stakeholders to finalize and advance housing development tools as options for increasing affordable housing supply.

### **Homeless Prevention Division (HPD)**

- Work in partnership with Housing Services Division (HSD) to oversee completion of Homeless Prevention and Housing Plan and submission for Council and Provincial approval.
- Implement Coordinated Access Initiative for homeless prevention services.
- Create, access and implement new resting spaces / model for day service supports.
- Create additional housing 1<sup>st</sup> spaces through innovative approaches.
- Ensure implementation of Youth Shelters (and shelter supports).
- Oversee the implementation of the Consolidated Homeless Prevention Initiative (CHPI) and the Reaching Home funding initiative.
- Continue to implement the Coordinated Informed Responses (CIR) initiative.
- Expand use of rent supplement / housing allowances to increase housing options.

### **Housing Services Division (HSD)**

- Work in partnership with Homeless Prevention Division (HPD) to oversee completion of Homeless Prevention and Housing Plan and submission for Council and Provincial approval.
- Review client access to housing services provided by the Housing Access Centre (HAC) and the system of the waitlist management.
- Continue implementation of internal audit recommendations.
- Continue and increase activities to stability service system for existing providers including addressing capital repair needs and operating budget reconciliations.
- Oversee the implementation of Ontario Priorities Housing Initiative Funding (OPHI) and Canada- Ontario Community Housing Initiative (COCHI).
- Expand use of rent supplement / housing allowances to increase housing options.

## **B. Mid-term Actions**

### **Timeline – January to December 2020**

Moving beyond the implementation of immediate actions, some of which will continue past January 2020, the following activities are proposed to be implemented within the timeline noted above:

- Assess, determine and design the components within system of housing services. Components to be analyzed include:
  - Administration of services (procedures, policies, protocols)
  - Service delivery including roles and responsibilities
  - New program / initiative development and implementation (including roles and responsibilities)
  - Policy development & community engagement
  - New affordable housing development
  - Governance structures
  - Shareholder declaration and articles of incorporation
  - Reporting requirements
- Recommendation of a revised approach for housing and homeless prevention services moving forward. This would include considering and confirming the services to be provided by HDC, LMCH, HSD and HPD.

Proposed models for a comprehensive housing service will be reviewed by key stakeholders and feedback obtained. All feedback obtained will be used to inform any changes to existing structures, procedures and systems. It is anticipated that any approved recommendations to changed structures and/ or service delivery would be implemented in 2020 (and beyond), with City Council approval.

The development of new management systems / mechanisms will include the establishment of key performance measures, evaluation mechanisms and protocols for system and service adjustment. Performance evaluations will be implemented as part of longer term actions.

Civic Administration supports the establishment of the following initial key performance measures to be achieved before January, 1 2021 but will also seek to create other measures to demonstrate performance improvement through the project:

- Reduction of the turn-around time for the social housing units from the current level of 109 days to a targeted level of 30 days;
- 90% utilization of the City's annual affordable housing funding (City and Senior levels of government); and,
- A 10% improvement in LMCH tenant satisfaction scores based on surveys conducted in the fall of 2019 and 2020.

Future reporting will share updates on these and other key performance measures.

## **C. Longer Term Actions**

### **Timeline: Beginning January 1, 2021 and beyond**

Once new/ revised models are established, new protocols and services delivery methods are in place and services are provided consistent with new systems / mechanisms, ongoing evaluation including the measuring of key performance indicators and the amendment / revision of any elements will occur.

### **Reporting of Activities and Outcomes**

- Ongoing reporting processes will be initiated and implemented from the outset and maintained throughout and beyond the timeline of this proposed action plan. Given the importance of current information on housing services, supports, challenges and new initiatives, a quarterly Council and stakeholder information report will be developed so as

to ensure that all stakeholders receive information about important and relevant issues including:

- Housing Waitlist information (number of individuals and families seeking housing in the community)
- Vacancies in system (number of vacancies within the broader housing system)
- Chronic homeless / by name list (number of individuals seeking housing who are homeless)
- Affordable housing development (number of new units of housing developed, planned to be developed or in consideration )
- New initiatives (information on new community programs, initiatives and new Provincial and Federal funding programs)
- Coordinated Informed Response (updates on supports provided to those most vulnerable, living rough within the community)
- Opportunities for stakeholder engagement

<b>CONCLUSION / NEXT STEPS</b>
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The provision of housing and homeless prevention supports in the City and by City-led organizations and service divisions is important to support improved outcomes for residents including those most vulnerable. Creating efficient systems that work in partnership with the broader housing and human service system, the City is committed to developing, implementing and continually evaluating a system of housing services that maximizes the use of existing resources, seeks to create and implement new resources, addresses any concerns and commits to finding efficiencies and reinvesting them into the system. Support of the proposed recommendations for HDC and LMCH Board composition, the action plan and key activities is requested of City Council.

<b>PREPARED AND SUBMITTED BY:</b>	
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cc: Barry Card, Managing Director, Corporate Services & City Solicitor