



16 December 2020

Chair and Members

Strategic Priorities and Policy Committee

Re: London Middlesex Community Housing Governance Review

Dear Members of Municipal Council,

The general duties assigned to the Interim Board of Directors of London Middlesex Community Housing (LMCH), as outlined in the Terms of Reference Interim Board of Directors London & Middlesex Community Housing Inc., includes the following:

- a) Determining and recommending to the Shareholder when and if a revised Board composition is needed.

In order to address this direction from the Shareholder, and recognizing the importance and urgency of this direction, the Interim Board of Directors initiated a governance review which looked specifically at the qualifications of directors, composition of the board, appointment process, term, and transition plan from the current board of directors.

We are pleased to submit to the Strategic Priorities and Policy Committee the attached report entitled 'London Middlesex Community Housing Governance Review.' This report provides an overview of process and methodology supporting this review, as well as recommendations from the LMCH Board of Directors regarding these matters for the consideration of Municipal Council. LMCH has requested delegation status for the undersigned to present the recommendations and to address any questions or comments that may arise.

Sincerely,

Paul Yeoman

Chair, London Middlesex Community Housing Board of Directors

Rosanna Wilcox



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Vice Chair, London Middlesex Community Housing Board of Directors



London Middlesex Community Housing Governance Review

Background

London & Middlesex Community Housing (LMCH) is the largest social housing landlord in the City of London and County of Middlesex. LMCH provides safe, modest and affordable community housing in a respectful and fair manner to low-income households of London and Middlesex County on a rent-geared-to-income (RGI) basis.

Operating as an independent local housing corporation under the Housing Services Act, 2011 and governed by a board of directors, LMCH provides 3,282 homes to over 5,000 adults, seniors, parents, children, and persons with special needs. LMCH's properties are owned by the City of London as its Sole Shareholder and include high-rise apartments, low-rise apartment buildings, town homes, row housing, and detached homes throughout the City of London and County of Middlesex. LMCH's 69 full time staff and 25 resident contacts work to provide affordable, sustainable homes to members of London & Middlesex County.

At the April 21, 2020 meeting, the Municipal Council enacted the following by-laws:

- By-law No. A.-7963-100 - A by-law to ratify and confirm the Special Resolution to the Shareholder of London & Middlesex Community Housing Inc. to amend the Board composition to provide for an Interim Board of Directors.
- By-law No. A.-7964-101 - A by-law to ratify and confirm the Resolutions of the Shareholder of London & Middlesex Community Housing Inc."

As a result of the enactment of the above-noted By-laws, an Interim Board of Directors for the Corporation was appointed, consisting of a minimum of three (3) directors who are members of the City of London's Civic Administration having expertise and experience in various perspectives, including Finance and Administration, Property Services and Facilities Management, Human and Community Services, Planning and Development and Governance whose term will expire at such time as the Board determines and recommends to the



Shareholder when and if revised composition is needed. The current Directors, elected by Resolutions of the Shareholder of the Corporation are: Rosanna Wilcox, Director Service, Innovation and Performance; John Millson, Senior Financial Business Administrator; Paul Yeoman, Director, Development Services and Aynsley Anderson, Solicitor II.

Governance Review

Purpose and Scope

The Terms of Reference for the Interim Board of Directors outlines the authority and responsibility, requirements and general duties of the board. This includes the duty of “determining and recommending to the Shareholder when and if a revised Board composition is needed.”

In order to address this direction from the Shareholder, and recognizing the importance and urgency of this direction, the Interim Board of Directors initiated a governance review which looked specifically at the qualifications of directors, composition of the board, appointment process, term, and transitioning from the current interim board to the new board.

Approach and Methodology

LMCH engaged third party support to conduct this governance review. Through this process the consultant reviewed relevant strategic and legislative documents, leading practices at other local housing corporations, and stakeholder interviews with the following:

- London City Council
- Middlesex County Council
- Middlesex County staff
- LMCH Interim Board of Directors
- Former LMCH Board of Directors
- City of London staff
- LMCH staff
- LMCH Tenant Advisory Council

In total, 27 individuals participated in the interview sessions.

The information gathered through this process was used to inform the recommendations of the Interim Board of Directors, as outlined in this report.

Key Findings

A. Challenges and priorities facing the Corporation

In order to establish a current context and framing for the governance review, during the interview process participants were asked to share their perspectives on the top challenges and priorities facing LMCH. Themes included:

- **Hiring a new CEO.** The recruitment and hiring of a new Chief Executive Officer is critical to the stability and ongoing success of the organization.
- **Addressing operational challenges.** LMCH operates a large and complex rental housing portfolio and therefore full occupancy, minimizing arrears, effective asset management and superior client service must be prioritized.
- **Strategic planning.** One of the top priorities for the new Board of Directors and CEO will be the development of a new Strategic Plan to guide the work of the organization.
- **Long-term financial and capital planning.** LMCH plays a key role in providing affordable housing in London and Middlesex. Long-term financial and capital planning are fundamental to effectively managing assets, including regeneration.
- **Supporting an increasingly complex range of tenant needs.** As a social housing provider LMCH supports many vulnerable populations. The complexity of tenant needs has increased significantly over time.
- **Equity and inclusion.** LMCH serves a diverse community. The LMCH board should reflect the diversity of the community that it serves and all members must be committed to equity and inclusion.

B. Qualifications of Directors

Section 6.2 (b) of the current Shareholder Agreement states that the Board should collectively include the following expertise and skillsets:

- (i) Social housing.
- (ii) Community development.
- (iii) Business and financial management.
- (iv) Corporate governance responsibilities.
- (v) Organizational development.
- (vi) Labour relations.
- (vii) Legal and/or legal aid experience.
- (viii) Landlord and tenant and social services matters.

Stakeholder interviews and a scan of best practices at other local housing corporations identified the following skills and qualifications:



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- Experience in management of a large non-profit organization (preferably housing-based) with a significant budget, extensive physical assets and complex operations.
- Experience in the areas of asset management, building sciences, construction and property management.
- A high degree of competency and experience in the area of finance.
- A high level of understanding of the regulatory, policy and legal governing social housing.
- An understanding of governance responsibilities including strategic planning.
- Ensuring the perspective of individuals with lived experience is part of the decision-making process.
- A commitment to social justice, anti-racism, equity and inclusion is a requirement of all members and the Board of Directors as a whole.
- The LMCH Board of Directors should reflect the diversity of the community that it serves.

Based on the key findings noted above, the challenges and priorities facing the organization, and a scan of best practices, the Interim Board of Directors is recommending that Section 6.2 (b) of the Shareholder Agreement be amended to replace the existing qualifications with the following:

Qualifications of Directors. In appointing Directors to the Board, and having regard that the Directors should reflect the diversity of the community that LMCH serves, the Shareholder shall give due regard to the qualifications of applicants with the aim of ensuring that the Board collectively represents a range of relevant skills and expertise including with respect to:

- Knowledge of the field of social housing, including the legislative and regulatory environment governing social housing.
- Financial and legal knowledge.
- Experience in asset management, building sciences, construction, land development.
- Property management.
- Community development.
- Labour relations.
- Lived experience.
- Corporate governance, including strategic planning, human resources.
- Tenant support for individuals with unique needs (e.g. mental health, addictions, accessibility, violence, trauma, etc.).

It should be noted that the skillset matrix noted above sets out an inventory of the ideal skills, experiences, expertise and leadership characteristics that will help

to guide board recruitment and move the organization forward. The listing of qualifications reflects a spectrum of desired knowledge, experience and skillsets and should not be interpreted as a listing of priorities or primacy of importance.

C. Composition of the Board

The Articles of Incorporation the London Middlesex Housing Corporation provides for a minimum of two (2) directors and a maximum of thirteen (13).

Section 6.2 (c) of the Stakeholder Agreement states that the LMCH Board shall be comprised of seven (7) Directors appointed by the Shareholder in accordance with the following:

1. Two (2) shall be members of London City Council.
2. One (1) shall be a member of Middlesex County Council.
3. Four (4) shall be citizens-at-large.

Stakeholder interviews and a scan of best practices at other local housing corporations found:

- Nearly all stakeholders interviewed agreed that it was very important to continue to have strong connections to London City Council and Middlesex County Council.
- There was consensus that the board should be comprised of a majority of community members.
- Nearly all stakeholders interviewed felt that the current structure of the board – a mix of political representatives and community members, with a majority of community members - was highly suitable to govern the Corporation and encompass a broad range of skills and qualifications.
- While the basic board structure was supported, there were varying opinions expressed on the optimal size of the board of directors. Some members felt that a smaller board might be more effective while others felt that the size articulated in the Stakeholder Agreement (seven members) was sufficient.
- A greater number of stakeholders felt that a smaller board may experience difficulties such as establishing quorum, potential domination by one or two strong or vocal members, difficulty conducting business effectively if not all members are well prepared and the inability to establish a sub-committee structure.
- The ability to establish a sub-committee structure was strongly emphasized as a means for the board to effectively fulfill its roles and responsibilities and to manage the complex business of the corporation. Individuals interviewed felt it would be ideal to have the ability to establish sub-committees focused on

key areas such as: Finance, Human Resources, Development/Regeneration, etc.

- A scan of comparable local housing corporations found that all possess boards that range in size from nine to twelve members. Furthermore, many include tenants on the board.

Based on the key findings noted above, as well as the discussion regarding qualifications and skillsets of the board, the Interim Board of Directors is recommending that Section 6.2 (c) of the Shareholder Agreement be amended to state the following:

Composition of the Board. The Board shall be composed of nine (9) Directors appointed by the Shareholder in accordance with the following:

1. Two (2) shall be members of London City Council.
2. One (1) shall be a member of Middlesex County Council.
3. Four (4) shall be members of the community-at-large.
4. Two (2) shall be tenants of London Middlesex Community Housing.

With the addition of two tenant positions it is recommended that the new LMCH Tenant Advisory Council be engaged to identify opportunities to conduct outreach and promotion of the opportunity.

Consideration should be given to building an inclusive culture where all members are encouraged to bring their perspectives, identity, and life experiences to their role and actions that may be taken to ensure that all board members are equally engaged, sharing power and responsibility in their work as directors of the board.

Once the new board is in place, it is recommended that the new Board of Directors consider establishing a sub-committee structure focused on key areas of the business of the corporation.

D. Appointment Process

Section 6.2 (d) of the Shareholder Agreement sets out the Appointment Process for members of the London Middlesex Community Housing Board of Directors. This includes:

- (i) **Council Member Appointments.** Council members shall be appointed to the Board through a process approved from time to time by Council for such appointments.
- (ii) **Other Appointments.** Other members of the Board who are not appointed to the Board through the appointment processes outlined



in paragraph 6.2(d)(i) shall be appointed to the Board through a process approved by Council from time to time.

At present, openings on the Board are advertised by the City of London (City Clerk's Office). During the last appointment process, applications for community appointments were reviewed by a community-based Striking Committee which then made recommendations to Strategic Priorities and Policy Committee. The recommendations of the Standing Committee were then considered by Council.

Key themes identified during stakeholder interviews and a scan of best practices at other local housing corporations found:

- It is important to ensure that there is adequate guidance regarding the skills and qualifications and other related criteria to be considered when assessing applications for the LMCH Board of Directors.
- It is important to ensure that candidates applying for these positions understand the core business of LMCH and the roles, responsibilities and duties of the board.
- A lack of understanding of roles and responsibilities can make it difficult to fulfill the role of a director and can also be a factor in board turnover.
- Once board selections were completed, it was noted that minimal training and onboarding was provided to LMCH Board members. This left members frustrated and lacking a clear understanding of roles, responsibilities, regulations and policies.
- Some comparable local housing corporations advertise board openings, review and evaluate applications and make recommendations directly to Municipal Council.
- Comparable corporations conduct evaluations of the performance of Board members on a regular basis. Many local stakeholders agreed that this is an important process that should be carried to further ensure the effectiveness of the board.

Having consideration for the key themes identified and best practices in the sector, in order to recruit community leaders for the LMCH board, the Interim Board of Directors is recommending that the following actions be undertaken:

- Establish a sub-committee of the board of directors to assist with the recruitment and nomination process. This sub-committee should also include members of LMCH Civic Administration and community members. This sub-committee would then submit nominations to Municipal Council for consideration.
- The sub-committee should consider developing a set of foundational principles to guide the board recruitment process (for example: anti-racism and anti-oppression, inclusion and participation, good governance,

leadership and accountability). The process also needs to be informed by the Shareholder Agreement and the Board Terms of Reference which outlines the authority and responsibility, requirements and general duties of the board.

- LMCH should assist the City in reaching out to the community seeking applications during the recruitment process.
- A comprehensive onboarding and training program must be developed and should include items such as the Board Terms of Reference, the Board Code of Conduct, policies and regulations governing the corporation, procedures for the holding of meetings, etc. The onboarding and training program will ensure that members of the board have a clear understanding of their roles and responsibilities and any changes to legislation, policy, etc. during their tenure.
- Actions should be taken to conduct evaluations of the Board on an annual basis, as outlined in the Board Terms of Reference.

E. Term

Section 6.2 (f) of the Shareholder Agreement articulates the term of appointment for all Board members. The term of appointment is currently three years provided that Directors may be appointed for an additional one year term in order that their tenure on the Board shall be concurrent with the term of Council. Directors, if qualified may be re-appointed to the Board.

Stakeholder interviews and a scan of best practices at other local housing corporations found:

- Council Member appointments should be four years to ensure alignment with the Municipal Election cycle.
- Given the complex nature of the work of LMCH, a significant amount of time is required for Board members to gain a strong understanding of their roles and responsibilities as well as the operations of the corporation.
- Many stakeholders noted that a four year term would provide directors with the opportunity to learn the business and become effective directors of the corporation.
- It is critical to ensure that the entire board of directors does not turn over at the same time to allow for board continuity and knowledge retention.
- Continuity is critical for the board as well as the stability of the organization.
- Other jurisdictions and local boards have supported continuity by implementing a class approach whereby board member terms are staggered.

- Stakeholders identified that there should be a limit on the number of consecutive terms served by LMCH directors to ensure new perspectives are continually part of the board. Two consecutive four year terms was identified as the optimal length of tenure.

Having consideration for the key themes identified and best practices in the sector and in order to support the continuity and stability of the board and the organization, the Interim Board of Directors is recommending that the following actions be taken:

- The board of directors of the Corporation shall consist of nine directors, six of which shall be composed of various classes of directors, the fourth class shall consist of three directors, two of which shall serve as the representatives of London Municipal Council, and one which shall serve as the representative of Middlesex County Council.
- The term for Elected Officials shall be four years.
- Community and Tenant directors will serve staggered terms with a maximum number of reappointments and a maximum of eight consecutive years in total. Reappointments for another term may be submitted to Municipal Council for consideration.
- Directors shall serve until their successors are appointed.

F. Transition from the Interim Board of Directors

There were many ideas expressed about the most effective way to transition from the current Interim Board of Directors to a community-based board. The most widely preferred solution was that the current Board of Directors serve as ex-officio members of the new board for a period of six months following the appointment of the new board.

Notwithstanding this proposed approach, the Interim Board of Directors would like to recommend that consideration be given to having two members of the current Interim Board of Directors serve as the first class of directors with a time limited appointment of one year (serving until their successors are appointed). The retention of two members of the board will support stability, continuity and knowledge transfer.

G. Summary of Recommendations

The LMCH Board is seeking endorsement of the following recommendations by Municipal Council:

- 1) The spectrum of qualifications for Board members shall be revised to:



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- a. Knowledge of the field of social housing, including the legislative and regulatory environment governing social housing.
 - b. Financial and legal knowledge.
 - c. Experience in asset management, building sciences, construction and land development.
 - d. Property management.
 - e. Community development.
 - f. Labour relations.
 - g. Lived experience.
 - h. Corporate governance, including strategic planning, human resources.
 - i. Tenant support for individuals with unique needs (e.g., mental health, addictions, accessibility, violence, trauma, etc.).
- 2) The Board composition shall be revised to:
- a. Two (2) members of London City Council
 - b. One (1) member of Middlesex County Council
 - c. Four (4) members of the community-at-large
 - d. Two (2) tenants of London and Middlesex Community Housing
- 3) With regards to the Appointment Process the following should be undertaken:
- a. Establish a sub-committee of the board of directors to assist with the recruitment and nomination process. This sub-committee should be comprised of members of the board, members of LMCH Civic Administration and community members. This sub-committee would then submit nominations to Municipal Council for consideration.
 - b. The recruitment and nomination process should be informed by foundational principles (e.g. anti-racism and anti-oppression, inclusion and participation, good governance, leadership and accountability) the Shareholder's Agreement as well as the Board Terms of Reference which outlines the authority and responsibility, requirements and general duties of the board.
 - c. LMCH should assist the City in reaching out to the community seeking applications during the recruitment process.
 - d. A comprehensive onboarding and training program should be developed and include such items as the Board Code of Conduct, Board's Terms of Reference, and procedures for the holding of meetings.



- 4) The term of the board shall be revised to include:
 - a. The board of directors of the Corporation shall consist of nine directors, six of which shall be composed of various classes of directors, the fourth class shall consist of three directors, two of which shall serve as the representatives of London Municipal Council, and one which shall serve as the representative of Middlesex County Council.
 - b. The term for Elected Officials shall be four years.
 - c. Community and Tenant directors will serve staggered terms with a maximum number of reappointments and a maximum of eight consecutive years in total. Reappointments for another term may be submitted to Municipal Council for consideration.
 - d. Directors shall serve until their successors are appointed.

- 5) To support board and organizational continuity, stability and knowledge transfer, the Interim Board of Directors is recommending that two members of the Board serve as the first class of directors with a time limited appointment of one year (serving until their successors are appointed).