TO:	**CHAIR AND MEMBERS** **COMMUNITY AND PROTECTIVESERVICES COMMITTEE** **MEETING ON MONDAY, APRIL 22, 2013**
FROM:	**LOUISE STEVENS** **DIRECTOR, MUNICIPAL HOUSING** **HOUSING & SOCIAL SERVICES**
SUBJECT:	**HOUSING COLLABORATIVE INITIATIVE** **SERVICE MANAGER CONSORTIUM AGREEMENT:** **EXPRESSION OF INTEREST FOR THE DEVELOPMENT OF AN** **INFORMATION SYSTEM FOR SOCIAL HOUSING ADMINISTRATION**

RECOMMENDATION

That, on the recommendation of the Director of Municipal Housing, the following actions BE APPROVED regarding the participation by the city of London in the Housing Collaborative Initiative (HCI):

a) a financial contribution of up to $200,000 towards the continuation of the initiative BE APPROVED in principle;

b) the Source of Financing for this project initiative (development of an information system for social housing administration) BE APPROVED as outlined in Appendix A;

c) civic administration BE REQUIRED to bring back a proposed Consortium Agreement between the relevant parties for approval of Municipal Council and, if necessary, for approval by Municipal Council for the delegation of signing authority for the Consortium Agreement, by way of a proposed by-law to implement same.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Board of Control (December 12, 2007) – Social Housing Software Purchase Agreement

Community Services Committee (December 19, 2011) – Municipal Partnership for the Development of and Information System for Social Housing Administration

BACKGROUND

In December 2000, the *Social Housing Reform Act* (subsequently repealed and replaced by the *Housing Services Act* in 2011) was enacted requiring municipalities to assume responsibility for social housing programs previously administered by both the Canada Mortgage and Housing Corporation (CMHC) and the Province.
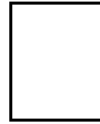
No Information Technology System for Social Housing

Despite the change in responsibilities, there was no supporting information technology (IT) platform or system provided to Service Managers (SM) at devolution and the Province showed little interest or support in the development of a single provincial housing IT system. Other than ensuring that any federal or provincial housing agreements and other requirements are being adhered to, the Province collects little information on how well the $40 billion in social housing stock in Ontario is being maintained or whether there is an adequate supply to meet the local needs.

Impact on Service Managers

With the lack of an information technology system, SMs had to develop, create, purchase IT systems or find alternative solutions in order to support their business operations. After 12 years in the social housing business, the majority of SMs still use a combination of Excel, Access and Adobe PDF files to manage their information needs.

The lack of a secure centralized database has exposed SMs and the Province to considerable risk with decentralized data, incompatibility of data formats, data integrity and weak audit trails. This non-systematic use of information reduces administrative effectiveness and capacity to manage internal and external business performance and reporting.

Service Manager Response

In response to the lack of an IT housing system and indifferent position of the Province, four SMs (London, Windsor, Hamilton and Waterloo) began discussions in 2011 regarding the possibility of establishing a collaboration project to develop a single IT housing system.

Other SMs in the Province were invited to join the project and the core team expanded to include the Municipality of Chatham-Kent and Regions of York and Halton. The Housing Services Corporation (HSC), as a legislated housing sector support agency, also joined the team to provide their expertise and assistance, including hosting a secure SharePoint website to help manage the project and the cost of any teleconferences and webinars. In addition, the City of Ottawa became a project team member in February 2013 as a result of on-going discussions and agreement to include system modules for Rent Supplement and Waitlist Management.

The costs for member participation were provided in kind by each respective SM and have been limited to staff time, travel and meeting costs. Meetings were conducted in-person on a rotating basis by each SM and by teleconference in order to minimize costs.   As the lead municipality, London has contributed both Housing and IT resources including Financial, Program and Technical expertise relating to housing administration and Business Systems Analysis, all within existing staff complements.

Overview of the Project Purpose and System Objectives

The purpose of the project was to promote a system that is meaningful to the social housing business that SMs perform, to ensure consistency in housing data application and pursue maximum usability of the system among all SMs, regardless of size or location. The project was also used to foster development of tools that help identify trends and enable comparisons of results among all SMs, advance the understanding of SM performance trends and underlying factors in order to identify and share best practices.

In order to support the project and guide the work of the team, the project objective is to replace any locally existing databases, templates, forms and hard-copy documents used to manage the SM's portfolio of Housing Programs with a single user-friendly, flexible, web-hosted database application that will meet the governance, administrative, financial and asset management needs of all SMs. The software solution will be value added and be adaptable to legislative, management, Program changes and Portfolio changes.

The following modules will be included in the system:

MODULE #	MODULE NAME
1	System Administration
2	Programs
3	Housing Provider's Portfolio
4	Contacts
5	Financials
6	Housing Provider's Portal
7	Performance Management
8	Action Items
9	Letters and Forms Templates
10	Risk Management
11	Rent Supplement Management (Future Development)
12	Asset Management (Future Development)
13	Waitlist Management (Future Development)

NOTE: Only modules 1 through 10 will be guaranteed as part of the initial launch. The remaining 3 modules are confirmed as required and included in the estimated cost of the project but are identified as future modules due to their size and scope, anticipated legislative changes and undefined business requirements.

Project Update

The project team has been working since the fall of 2011 to develop a common set of business requirements for the system and to define and address the technical, purchasing, legal and privacy requirements of all SMs.

The project team has finalized the business requirements for modules 1-10 and is currently defining a governance model and developing a Consortium Agreement with the intention of issuing an Expression of Interest (EOI) to interested vendors/developers spring 2013. Based on the results of the EOI, the successful proponents will have the opportunity to respond to a Request for Proposal (RFP) that will determine the actual cost of developing the software program. The goal is to issue an RFP summer 2013 and select a vendor by October, 2013, with development starting before the end of 2013.

The Consortium Agreement will outline the obligations, rights and responsibilities of the Governing Group members as well as the assessment of costs, payment terms and other provisions to protect the interests of each SM and the group as a whole. The Agreement will take effect once signed by all SMs and shall end on the date the database application is considered developed and the vendor selected through the RFP process has been fully paid in accordance with the terms and conditions of the development contract. Upon termination of the Agreement, the database application responsibility for ongoing maintenance and licensing will transfer to the Governing Group as prescribed in the Governance Agreement.

The Region of Waterloo has agreed to issue the EOI and RFP on behalf of the team as the lead SM. This single source type of arrangement is permissible under section 14.4 of the City's purchasing policy if it is advantageous to the City to acquire the goods or services from a supplier pursuant to the procurement process conducted by another public body.

One representative from each SM will form an evaluation committee to review responses to the EOI and RFP and report back to the project team (renamed as the "Governing Group" once the Consortium Agreement is signed) for decisions moving forward. Each SM will be responsible for ensuring compliance with their respective purchasing and legal requirements throughout the process.

As the initiative moves toward the completion of the business requirements phase of the project, each active SM is now required to provide a financial commitment in principal to fund the development of the program should they wish to continue to participate in the project and be part of the process going forward.

It is the expectation of the project team that various modules for the system will be ready and in production throughout the course of 2014, noting it will likely take until the end of 2015 for all modules to be fully implemented.

Risk Analysis

The social housing sector in Ontario is in need of an automated information technology system to effectively support and align housing with the client-focused housing first program approach to be implemented by SMs. Information technology is also necessary to help meet regulatory requirements and to increase efficiency and provide savings.

The systems are not flexible and are difficult, costly and labour intensive to add/change housing programs. The existing systems either do not contain or have difficulty retrieving pertinent data essential in making sound management decisions. They are paper intensive, information is duplicated and numerous functions are managed manually outside the existing system.

If the City of London does not continue to participate in this collaboration, including committing to funding and providing the required IT and Housing staff resources, the Housing Division will continue to use an antiquated system of combined and non-integrated programs (Excel, Access, etc) to administer housing programs.

As communities and housing demands change, pressures to achieve results (reduce homelessness, create more affordable housing, reduce wait times, etc) and impact the community with limited funding becomes more challenging without the support of the right IT platform(s). With no real ability to easily and directly enter data and access information on such things as housing provider performance, program funding, client demographics, asset management, subsidy allocation, operational reviews, risk management and tenant satisfaction surveys, the Housing Division's capacity to plan for the future while managing an aging housing stock is significantly restricted. A single system would reduce administrative costs and ensure the most effective delivery of limited government resources.

FINANCIAL IMPACT

The City of London is now being requested to provide a financial commitment in principle to the continuation of this initiative. The total cost of the project will be dependent on a number of factors, including but not limited to, the number of participating SMs, the financial support of other stakeholders, including HSC and MMAH, potential application(s) for project funding through other economic stimulus reserves or initiatives and the system scope and design. The project team has spent a tremendous amount of time and effort to create very detailed requirements, including
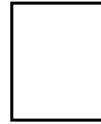
documents, spreadsheets, flow charts and narratives. This level of detail and amount of documentation will assist the selected developer and result in lower development costs.

The project team, in consultation with their respective IT departments, has estimated the development costs to be no more than $1.5 million. These costs would be shared by each participating SM based on the number of Social Housing units (as defined by the *Housing Services Act*, 2011) as at December 31, 2011 and provided by MMAH. Based on this cost sharing structure, the City of London would be responsible for 11.4% of the initial development costs up to $171,174, not including HST or any contingency.

Should surplus funding be available within the 2013 approved Housing operating budget at the end of the year, the cost of the initial development subject to a maximum of $200,000 will be accommodated using any surplus funds. In the event that surplus operating funds are not available or sufficient, the initial development costs can be funded through a drawdown from the Efficiency, Effectiveness and Economy Reserve Fund.

Should the development costs exceed $1.5 million, the Governing Group will review options available, including but not limited to; increase contributions from members of the Governing Group, external funding, amending the complement of the Governing Group, re-drafting business requirements and/or amended modules to be developed and re-issue an RFP and/or negotiate new costs. The Governing Group will proceed with the understanding and focus that the goal is to ensure all 13 modules, as identified are developed and funded jointly. Any options evaluated to address costs over $1.5 million will be done so with the determination to meet this goal.

Ongoing staff, meeting and travel costs incurred during the development phase of the project will continue to be addressed through the current municipal approved budget.

The Province has forty-seven (47) SMs responsible for the delivery and administration of social housing programs in Ontario. As the IT solution is being designed as a solution that would be able to be used by all SMs, it is the intent of the project team to market the software to other interested SMs. A number of SM areas have indicated that they would be interested in viewing the completed software program for possible implementation within their respective municipalities. In the event that additional SMs purchase the software, the City of London will receive a "rebate "on the purchase price based on the original buy-in percentage of 11.4% for each additional SM who purchases the program. This will reduce the overall development costs of the original eight (8) SMs.

The estimated cost of the program only reflects development cost of the software. On-going licensing, data hosting and maintenance costs, is estimated between 15%-20% of the development cost based on industry standards. This operating expense would be addressed through the annual municipal budget development process. The overall budget impact is expected to be minimal, as it is anticipated that the system will replace the current third-party waitlist management system.

Further to several discussions with **the** Financial Policy & Planning department, the Source of Financing for the Agreement estimated at a maximum cost of $200,000, should be done as a drawdown from the Efficiency, Effectiveness and Economy Reserve Fund with the understanding that the first source of financing will be the approved operating budget for the Housing Division should funding be available at 2013 year end.

Conclusion

A new single system would provide SMs with the necessary tool they need to operate their businesses more effectively and efficiently, including streamlining program delivery, improve report capability and facilitate a more proactive approach to program(s) administration. It would also provide the Province with an adequate accountability mechanism for reporting on the results achieved by SMs for the funds provided and monitor how well social housing is being managed.

Subject to the procurement of a suitable software development contract, authorization to execute the necessary agreements and documents related to the City of London's continued involvement in the development of an information system for the administration of social housing will be brought forward at a future meeting of the Community and Protective Services Committee and be satisfactory in form to the City Solicitor, in technical content to both the Managing Director of Housing and Social Services and Chief Technology Officer and in financial content to the Managing Director, Corporate Services and City Treasurer, Chief Financial Officer.

Acknowledgements

Representatives from each municipal Service Manager, including staff from the following: Housing, IT, Legal and Finance should be recognized for their contribution and commitment to the success of this project.

PREPARED & SUBMITTED BY:	RECOMMENDED & CONCURRED BY:
JOSH BROWNE **MANAGER, SOCIAL HOUSING ADMINISTRATION**	**LOUISE STEVENS** **DIRECTOR OF MUNICIPAL HOUSING**

cc.   A. Zuidema, City Manager
       J. Edward, Chief Technology Officer
       M. Hayward, Managing Director, Corporate Services and City Treasurer, Chief Financial Officer
       J. Freeman, Manager Purchasing & Supply
       J. Barber, City Solicitor