

Presented To:	City Council
Presented:	Tuesday, Sep 25, 2018
Report Date	Tuesday, Sep 11, 2018
Type:	Managers' Reports

Request for Decision

Greater Sudbury Housing Corporation's Governance Structure Review

Resolution

THAT the City of Greater Sudbury approves the recommendation to transition the Greater Sudbury Housing Corporation to a quasi-independent operating model, as outlined in the report entitled "Greater Sudbury Housing Corporation's Governance Structure Review", from the General Manager of Community Development, presented at the City Council Meeting on September 25, 2018.

Relationship to the Strategic Plan / Health Impact Assessment

This report supports Council's Strategic Plan in the area of Responsive, Fiscally Prudent, Open Governance as it aligns with the Population Health priority of Housing.

Report Summary

This report provides a recommendation to Council regarding the analysis of alternative governance structures of local housing corporations as it relates to Greater Sudbury Housing Corporation.

Financial Implications

There are direct, but currently unquantifiable financial implications if this resolution is approved. Based on the report, there are anticipated financial savings if The City of Greater Sudbury approves the transition from an independent to a quasi-independent organizational structure for Greater Sudbury Housing Corporation.

Signed By

Report Prepared By

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Manager Review

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Division Review

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Financial Implications

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Recommended by the Department

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BACKGROUND

Further to the May 15, 2018, CGS Auditor General Report of the May 15, 2018 Audit Committee meeting, it was recommended that a review into the effectiveness of the current oversight structure and processes of the Greater Sudbury Housing Corporation (GSHC) be undertaken. As such, KPMG LLP was engaged to undertake this review. This report speaks to the findings of the KPMG LLP review and provides a recommendation to City Council.

Devolution

In 2001 and 2002 social housing nonprofit housing providers which operated independently from the housing stock owned by the province were downloaded to the 47 Consolidated Municipal Service Managers (CMSM) and District Social Services Administration Boards (DSSAB); generally referred to as Service Managers. This process was known as devolution.

Included in the devolution was also the transfer of the housing stock, which had been previously managed by provincial Local Housing Authorities, now known as municipal Local Housing Corporations (LHC). Each Service Manager was required to make decisions about the social housing stock within their community. These decisions included whether to maintain this housing stock as separate entities or to merge them within the municipality. Other decisions that were also required related to governance and corporate legal structure, the role of municipal government, operating agreements, shareholder directions, budgeting and financial processes, human resource policies, and whether to have staff as municipal employees or as employees of independent corporations.

The GSHC was created in 2001 as part of the process of devolution. At the time, the City of Greater Sudbury opted for the housing units being transferred by the Province to be held by the solely held corporation, rather than being directly managed by the City.

Service Manager

As a Service Manager, the City of Greater Sudbury is responsible to perform various functions related to the administration and delivery of social housing and to meet objectives and targets as they relate to the affordable housing needs of the community. The Service Manager administers and manages the funding of nonprofit and cooperative social housing providers within the City and monitors and enforces compliance of the housing providers with statutory requirements.

The Service Manager is provided broad legislative authority to create rules that address the operation and activities of the local housing corporation, including matters of budgeting and funding.

As a social housing provider, the GSHC is subject to decisions of the City in its Service Manager role. Additionally, as the municipality is the sole shareholder of the GSHC, the City exercises control over the corporation through the Shareholder Declaration and Operating Framework. These documents define the powers of the Board of Directors, which is responsible for the day to day operations of the corporation (Appendix A).

Changes in System Management since Devolution

In 2016, the Housing Services Act, 2011 (Act) was amended to allow Service Managers the flexibility to oversee their social housing stock (sell, repurpose, revitalize) without having to seek Provincial Ministerial approval. Since that amendment took place, Service Managers across the province have begun making changes to their portfolios and operating models.

Since devolution, Service Managers have created different models to manage the social housing stock within their communities in order to meet their needs. Local Housing Corporation's have been set up with varying corporate and management structures, and operational functions. Some LHC's are a department of the municipal body having jurisdiction, while other LHC's operate with much greater independence from Service Managers, although the Service Manager remains the sole or majority shareholder.

May 15, 2018 Audit Committee Report

A governance audit of GSHC was conducted by the City of Greater Sudbury's Auditor General and tabled at the May 15, 2018 Audit Committee meeting. The following recommendations were approved:

1. The City should review and update the Shareholder Declaration and Operating Framework to ensure there is a shared understanding of the respective roles, responsibilities and authorities of the GSHC and the City. The position of General Manager, Economic Development and Planning Services should be revised to General Manager, Community Development.
2. The City's Orientation process for Councillors should be updated to increase the content related to the GSHC and to focus on the general role and obligations of Councillors when acting as Board members of the GSHC.
3. The GSHC's Board Orientation process should be updated to focus on the general role and obligations of Councillors when acting as Board members of the GSHC.
4. The performance monitoring practices of the Board should include a review of the GSHC's strategic plan and related initiatives to ensure they align with the GSHC's obligations and authorities as set out in the Service Agreement. To improve their alignment the GSHC should consider developing a formal

Performance Management framework that incorporates Key Performance Indicators and use it when reporting to the Board.

5. As the governance audit of the GSHC was performed to evaluate the effectiveness of the design of oversight structures and processes, and was not intended to assess whether the oversight processes are operating as designed, an operational review is recommended to be undertaken. This review will allow the City's Manager of Housing Services, in consultation with the General Manager of Community Development, to evaluate the effectiveness of the current oversight structure and processes and to recommend changes to better align the strategic objectives, initiatives and budgets of the GSHC with the City's objectives and plans.

KPMG LLP Findings

Further to the May 15, 2018, CGS Auditor General Report of the May 15, 2018 Audit Committee meeting, it was recommended that a review into the effectiveness of the current oversight structure and processes of the Greater Sudbury Housing Corporation (GSHC) be undertaken. As such, KPMG LLP was engaged to undertake this review. This report speaks to the findings of the KPMG LLP review. The review researched organizational structures for social housing implemented by the Province's 47 Service Managers, assessed the benefits of the various structures and provides an analysis of alternative organizational structures that could be considered by the City of Greater Sudbury and provides a recommendation to City Council. KPMG LLP is the Auditor of record for both the City of Greater Sudbury and the GSHC.

A detailed analysis by KPMG LLP has been provided in the report entitled Social Housing Governance Best Practices Review (Appendix B). Of the 47 Service Managers in Ontario, ten (10) LHC's are independent municipally owned, while the remaining 37 are operated as a municipal department or quasi-independent model. In most cases, the quasi-independent model runs the administration through the municipality or DSSAB while hosting the assets in a shell corporation.

FINANCIAL IMPACT

Provincial funding has decreased approximately by 50% in the last 10 years. In forecasts completed, the decrease in provincial funding will begin to accelerate as operating funding is directly linked to the GSHC debentures (similar to a mortgage). As these debentures mature, the operating funding associated with the assets also ceases. The projected decrease in provincial funding over the next 5 years is 58%, therefore requiring the municipal tax levy to supplement an increased portion of the GSHC's annual subsidies. Provincial funding will be reduced to zero by 2030, therefore downloading the full financial responsibility of the GSHC to the City of Greater Sudbury.

The decrease in senior levels of government funding increases the pressure on the municipal tax levy. Alignment of priorities between the Greater Sudbury Housing Corporation and the City of Greater Sudbury need to be developed in order to achieve increased efficiencies, while decreasing the pressures on the corporate budget.

It is anticipated that potential efficiencies, service enhancements and cost savings could be realized if a quasi-independent operating model was selected.

The efficiencies could include, but are not limited to:

- Improved service for tenants by incorporating social housing into other City administered social service functions (i.e. Ontario Works, Childcare), thereby allowing for the establishment of a one stop service portal;
- Increased operating efficiencies as a result of the ability to achieve greater economies of scale with respect to administrative and maintenance functions;
- A reduction of corporate type external expenditures such as (i.e. Audit, Legal, Payroll and Finance, etc.); and
- Enhancement of long term financial and capital planning. While the GSHC requires the approval of the City for capital subsidies, the capital and asset planning and asset replacement strategies planned by GSHC is not undertaken in conjunction with the City. As such, the potential exists for inconsistency in capital planning and asset replacement strategies, including potential competition for available funding between the GSHC and City departments.

OPTIONS

The first consideration is to remain status quo; leave the GSHC as an independent arm's length corporation and ensure recommendations included in the May 15, 2018 City of Greater Sudbury's Auditor General Report are implemented.

The second consideration is to transition the GSHC to a quasi-independent operating model which would transfer the administrative component of the corporation to the municipality; leaving the assets within the Greater Sudbury Housing Corporation. The implementation of a quasi-independent operating model would involve the GSHC continuing to have ownership of the assets (social housing units), and the City of Greater Sudbury would assume the responsibility for the administration of the social housing units.

RECOMMENDATIONS

It is recommended a transition of the local housing corporation from an independent to a quasi-independent operating model effective January 1, 2019 be undertaken. It is expected that the full transition would take up to one (1) year to implement. As such, at the end of this term of City Council, the Greater Sudbury Housing Corporation's Board of Directors would be exclusively comprised with the entirety of Council.

A Corporate Transition Team would be established with both City of Greater Sudbury and GSHC Senior Managers to develop a transition plan to work through the transition of all staff and logistics as they relate to the transfer of the administration of the local housing corporation. The Transition Team would include representatives from Corporate Services (Human Resources, Finance, Legal, and Assets), Housing Services, and GSHC Senior Management.

All operating decisions would be made by the City of Greater Sudbury. An evaluation would take place by the Corporate Transition Team in six months to ensure that the measurement of expected improvements is taking place.

Council would receive regular updates during the transition period.

NEXT STEPS

Select the Corporate Transition Team to develop a transfer plan, appoint Council as the Board of Directors of GSHC assets, and reporting of GSHC CEO and staff to General Manager of Community Development effective the end of this term of City Council.

A Status Update Report will be prepared and brought forward to Council in April 2019.

REFERENCES

Housing Services Act, 2011, <https://www.ontario.ca/laws/statute/11h06>

Audit Committee Meeting, May 15, 2018, Governance Audit of Greater Sudbury Housing Corporation,
<http://agendasonline.greatersudbury.ca/index.cfm?pg=agenda&action=navigator&id=1295&itemid=15155&lang=en>

THIS SHAREHOLDER DECLARATION made as of the 23rd day of September, 2003

BETWEEN:

CITY OF GREATER SUDBURY

(Referred to in this Declaration interchangeably as
the "City" and/or the "Shareholder")

OF THE FIRST PART

- and -

THE GREATER SUDBURY HOUSING CORPORATION

(Referred to in this Declaration interchangeably as
the "Corporation" or the "GSHC")

OF THE SECOND PART

Table of Contents

		Page
1.	INTERPRETATION	5
2.	OBJECTIVES AND PRINCIPLES	7
2.1	Purposes	7
2.2	Shareholder Objectives	8
2.3	Principles	8
2.3.1	Conduct of Affairs	8
2.3.2	Business Principles	8
3.	BUSINESS OF THE GREATER SUDBURY HOUSING CORPORATION	9
4.	OPERATIONS AND CONTROL	9
4.1	Board Responsibilities	9
4.2	Qualifications of Directors	10
4.3	Composition of the Board	10
4.4	Eligibility For Board Membership	10
4.5	Nomination Process	11
4.5.1	Council member nominations	11
4.5.2	Citizen nominations	11
4.5.3	Approval by the Shareholder	11
4.6	Chair	11
4.7	Vacancies	11
4.8	Term	11
4.9	Conflict of Interest	11
4.9.1	Board Compliance	11
4.9.2	Employee Compliance	12
4.10	Confidentiality	12
4.10.1	Confidentiality Exceptions	12
4.10.2	Requests to Disclose	12
4.11	Remuneration	12

	Page
4.12	Removal of Directors 12
4.13	Staffing 13
5.	SHAREHOLDER MATTERS 13
5.1	Decisions of the Shareholder 13
5.1.1	Communications in Writing 13
5.1.2	Notice to GSHC 13
5.2	Matters Requiring Shareholder Approval Under the <i>OBICA</i> 13
5.3	Other Matters Requiring Shareholder Approval 14
5.3.1	Corporate Issues 14
5.3.2	By-laws General 15
5.4	Regulatory Matters 15
5.4.1	<i>Municipal Freedom of Information and Protection of Privacy Act</i> 15
5.4.2	Other Legislation 15
5.5	Annual Shareholder's Meeting 15
6.	ACCOUNTABILITY 15
6.1	Annual Report 15
6.1.1	General 15
6.1.2	Other Reports 16
6.2	Access to Records 16
6.3	Audit 16
6.4	Payment of Auditor 17
6.5	Accounting 17
6.6	Annual Financial Statements 17
6.7	Annual Information Return 17
7.	FINANCIAL PERFORMANCE 17
8.	COMMUNICATIONS 17
8.1	Governance 17

	Page
8.2 Policy	18
8.3 Operations	18
9. AMENDMENTS	18
10. TERM	18
11. NOTICE	18
12. NO ASSIGNMENT	19
13. ENTIRE AGREEMENT	19
14. LAW OF ONTARIO	19
15. BINDING UPON ASSIGNS	19
16. APPENDIX A	

RECITALS

WHEREAS the *Social Housing Reform Act* created the Greater Sudbury Housing Corporation to own and manage the former Ontario Housing Corporation portfolio located in the City;

AND WHEREAS through the *Social Housing Reform Act*, the Province of Ontario established the City as the social housing Service Manager, the social housing funder/program administrator and as the sole Shareholder of the Greater Sudbury Housing Corporation;

AND WHEREAS the Shareholder wishes to make a declaration that limits the powers of the Directors of the Greater Sudbury Housing Corporation to manage or supervise the management of the Business and affairs of the Greater Sudbury Housing Corporation;

AND WHEREAS the parties intend that this Declaration

1. establishes certain principles of governance for the Greater Sudbury Housing Corporation; and
2. constitutes a declaration by the Shareholder pursuant to subsection 108(3) of the Ontario *Business Corporations Act* with respect to certain powers of the Board of Directors of the Greater Sudbury Housing Corporation;

THIS DECLARATION WITNESSES that in consideration of the covenants, agreements, warranties and payments herein set out and provided for, the parties hereto hereby respectively covenant and agree as follows:

1. INTERPRETATION

Whenever used in this Declaration, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them in this Section 1.1:

"Articles of Incorporation" means the Articles of Incorporation of the Greater Sudbury Housing Corporation issued pursuant to the Ontario *Business Corporations Act*, which Articles of Incorporation are dated December 14, 2000;

"Auditor" means a Person appointed by the Shareholder;

"Auditor's Derivative Report" means communication of matters identified by the Auditor during the financial statements audit which matters include misstatements, other than trivial errors, fraud, misstatements that might cause future financial statements to be materially misstated, illegal or possibly illegal acts or significant weaknesses in internal control;

"Annual Information Return" means a summary report of the Corporation's financial, operating and statistical information for the fiscal year as determined by the Service Manager;

"Annual Report" means the report prepared by the Greater Sudbury Housing Corporation as contemplated by Article 9 hereof;

"Board" means the Board Directors of the Greater Sudbury Housing Corporation;

"Business" means the business of the Greater Sudbury Housing Corporation as a housing provider pursuant to the *Social Housing Reform Act*;

"Chair" means the director of the Greater Sudbury Housing Corporation Board appointed as Chair of the Board from time to time;

"Citizen" means with respect to a member of the Greater Sudbury Housing Corporation Board or a candidate for such membership an individual who is not a member of Council;

"City" means the City of Greater Sudbury;

"Confidential Information" shall mean both written and unwritten information which is either non-public or confidential in nature;

"Corporation" means the Greater Sudbury Housing Corporation;

"Council" means the Council of the City of Greater Sudbury;

"Declaration" means this Shareholder Declaration;

"Director" or "director" means a person occupying the position of director of the Greater Sudbury Housing Corporation by whatever name called;

"Financial Statements" means, for any particular period, audited or unaudited (as stipulated in this Declaration), consolidated or unconsolidated (as stipulated in this Declaration), comparative financial statements of the Greater Sudbury Housing Corporation consisting of not less than a balance sheet, a statement of income and retained earnings, a statement of changes in financial position, a report or opinion of the Auditor (in the case of audited financial statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law;

"GSHC" means the Greater Sudbury Housing Corporation;

"Housing Portfolio" means all housing projects operated by the GSHC;

"Housing Project" means all or part of the residential accommodation located in one or more buildings used in whole or in part for residential accommodation and includes vacant land, if any, owned by the GSHC;

"MFIPPA" means the *Municipal Freedom of Information and Protection of Privacy Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"OBCA" means the Ontario *Business Corporations Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"Person" means an individual, sole proprietorship, partnership, unincorporated association, unincorporated organization, trust body corporate and a natural person in her or his capacity as trustee, executor, administrator or other legal representative;

"Resident Canadian" means an individual who is,

1. a Canadian citizen ordinarily resident in Canada;
2. a permanent resident within the meaning of the *Immigration Act (Canada)* and ordinarily resident in Canada;

"Service Manager" means the City of Greater Sudbury (in its capacity as service manager) as defined in the *Social Housing Reform Act*;

"Shareholder" means the City of Greater Sudbury (in its capacity as the sole shareholder of the GSHC);

"SHRA" means the *Social Housing Reform Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"Tenants" means the tenants (as that expression is defined in the *Tenant Protection Act*), of the GSHC.

2. OBJECTIVES AND PRINCIPLES

2.1 Purposes

The Shareholder and the Corporation agree that this Declaration is established for the following purposes:

- (a) to recognize the Board's authority to manage or supervise the management of the Business and affairs of the GSHC in accordance with this Declaration;
- (b) to provide the Board with the Shareholder's operational requirements regarding the GSHC;
- (c) in its capacity as a public document, to inform the other residents of the City of the Shareholder's operational requirements regarding the GSHC;
- (d) to establish the accountability, responsibility and relationship between the GSHC and the Shareholder; and
- (e) to establish the accountability, responsibility and relationship between the GSHC and the Service Manager.

2.2 Shareholder Objectives

The Shareholder's objectives in connection with its relationship with the GSHC are as follows:

- (a) the GSHC will employ its own staff and, subject to the terms of this Declaration, the GSHC shall be responsible for the management of its Housing Portfolio, for making policy and operational decisions and being accountable for such policy and operational decisions through the submission to the Shareholder and Service Manager of the Annual Report (see Section 6, page 16);
- (b) the GSHC will utilize its assets for the purposes of providing adequate, affordable housing;
- (c) the assets of the GSHC will be maintained in good repair and the usefulness of the assets will be maintained in order to provide quality affordable housing;
- (d) the GSHC will act to mitigate financial risks to the City as Shareholder, while service standards and levels are maintained or enhanced;
- (e) the GSHC will ensure that Tenants will be protected from harassment, in an environment where human rights are upheld;
- (f) the GSHC will support and promote efforts aimed at providing GSHC Tenants with healthy, safe and sustainable communities.

2.3 Principles

2.3.1 Conduct of Affairs

The GSHC is integral to the well-being and the infrastructure of the City. The GSHC agrees that it is in the best interests of the GSHC, Tenants and the residents of the City, that the GSHC conduct its affairs in a manner consistent with the principles outlined herein.

2.3.2 Business Principles

The GSHC agrees that it shall carry on Business as follows:

- (a) that it shall conduct its affairs in accordance with the *SHRA* and in accordance with the Service Manager's accountability document entitled the Greater Sudbury Housing Corporation Operating Framework (substantially in the form attached as Appendix A to this Declaration);
- (b) that it shall provide quality, affordable housing accessible to those in need and eligible for subsidized housing, as defined from time to time by the Service Manager and within the parameters of program funding received from the Service Manager and pursuant to legislation and regulations issued to the Service Manager by the Province of Ontario;

- (c) that it shall provide accountable quality services at an affordable cost, on a sustainable basis and use the most appropriate methods and structures for doing so;
- (d) that it shall ensure that policies and programs are consistent with the goal of providing affordable housing; and
- (e) that it shall recognize and be sensitive to the fact that social housing primarily serves tenants of low and moderate incomes;
- (f) that labour relations shall be managed in a manner consistent with those of the City.

3. BUSINESS OF THE GREATER SUDBURY HOUSING CORPORATION

Subject to the ongoing ability of the GSHC to meet the financial objectives as established through funding arrangements with the Service Manager, the ability of the Board to demonstrate the same and in support of the mandate to provide affordable housing, the GSHC may engage in any of the following business activities, consistent with the GSHC's Articles of Incorporation and the SHRA:

- 1. own, operate or have an ownership in rental housing and affordable-ownership housing and provide related services;
- 2. develop new affordable housing (subject to prior approval of the Service Manager);
- 3. redevelop existing Housing Projects (subject to prior approval of the Service Manager);
- 4. deliver program-related services on behalf of the Service Manager including but not restricted to rent supplement programs and the completion of the applicant/tenant income testing functions.

4. OPERATIONS AND CONTROL

4.1 Board Responsibilities

Subject to any matters requiring approval of the Shareholder pursuant to this Declaration, the Board will supervise the management of the business and affairs of the GSHC, including the following specific matters:

- 1. establishing annual and long-range strategies and plans consistent with the provisions of this Declaration;
- 2. establishing policies consistent with this Declaration and the SHRA and all other relevant legislation;

3. managing and directing all labour and employee-relations matters.

4.2 Qualifications of Directors

In naming directors to the Board, the Shareholder will give due regard to the qualifications of Citizens and ensure that the Board collectively represents a range of relevant expertise including:

- (a) knowledge of the social housing area;
- (b) community development;
- (c) business and financial management;
- (d) understanding of corporate governance responsibilities;
- (e) organizational development;
- (f) labour relations;
- (g) legal and/or legal aid experience; and
- (h) knowledge of landlord and tenant and social services matters.

4.3 Composition of the Board

The Board will be composed of Seven (7) Directors, two (2) of whom shall be members of Council and the remainder shall be citizen appointees.

4.4 Eligibility for Board Membership

To be eligible for Board membership, a person must not be disqualified from being a director under the *OBCA* or the *SHRA*, and shall be a Resident Canadian residing in or paying property taxes to the City. In addition, members of Council who act as Directors:

- a) shall have been elected to such office by qualified electors pursuant to the provisions of the *Municipal Elections Act, 1996*, as amended or shall have been appointed as a member of Council pursuant to section 263 (Filling Vacancies) of the *Municipal Act, 2001*, as amended;
- b) shall be appointed to the Board by resolution of Council.

4.5 Nomination Process

4.5.1 Council member nominations

Council members will be nominated for appointment to the Board on the recommendation of Council through a process approved by Council for such appointments.

4.5.2 Citizen nominations

Citizens will be nominated for appointment to the Board by a recommendation of the GSHC Nominations Committee which recommendation may be approved by the Shareholder.

4.5.3 Approval by the Shareholder

The composition of the Board whose members are appointed (a) by Council, (b) by way of nomination from the Nominations Committee of the GSHC or (c) in circumstances of a vacancy on the Board, shall be approved by the Shareholder.

4.6 Chair

The Board will elect a Chair from among its members. In the event the Chair resigns or otherwise vacates the position of Chair prior to the end of their term, the Board shall elect a Chair from among its remaining Directors who are members of Council.

4.7 Vacancies

Subject to section 124 of the *OBCA* (Directors and Officers: Vacancies), if a member of the Board ceases to be a director for any reason, the Shareholder will fill the vacancy created thereby as soon as reasonably possible from persons eligible for appointment as a Director pursuant to section 4.4.

4.8 Term

The term of appointment for all Board members shall be concurrent with the term of Council. Directors may be re-appointed to the Board.

4.9 Conflict of Interest

4.9.1 Board Compliance

The Board and officers of the GSHC will abide by the requirements of the *OBCA*, the *SHRA*, and regulations as may be amended or enacted from time to time and in particular Ontario Regulation 339/01, Part II, section 4 (Conflict of Interest), section 5 (Replacement of Conflict of Interest Rules) and any related GSHC policy in respect of conflicts of interest, including any requirements in respect of disclosure and abstention from voting.

4.9.2 Employee Compliance

The Board and officers of the GSHC will ensure that GSHC employees strictly abide by the requirements of the *SHRA* and any related GSHC policy in respect of conflicts of interest, including any requirement in respect of disclosure.

4.10 Confidentiality

4.10.1 Confidentiality Exceptions

The Directors and officers of the GSHC and the Shareholder will ensure that Confidential Information of the GSHC is not disclosed or otherwise made available to any Person, except to the extent that:

- (a) disclosure to the Shareholder's or the GSHC's employees or agents is necessary for the performance of any of their duties and obligations under this Declaration; and
- (b) disclosure is required in the course of judicial proceedings or pursuant to law.

The Shareholder and the GSHC will abide by all terms of the *MFIPPA*.

4.10.2 Requests to Disclose

In the event any of the Directors and/or officers of the GSHC and/or in the event the Shareholder receives a request to disclose any Confidential Information pursuant to legal process of any kind, such Director and/or officer of the GSHC or the Shareholder will notify the GSHC promptly so that the GSHC may seek a protective order or other appropriate remedy. In the event no such protective order or other remedy is obtained, any of the Directors and/or officers of the GSHC or the Shareholder will furnish only that portion of the Confidential Information which any of the Directors and/or officers of the GSHC or the Shareholder is/are advised by legal counsel is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be afforded to the Confidential Information.

4.11 Remuneration

Except for remuneration from the City as approved by Council from time to time, the Directors shall serve without remuneration in their capacity as Directors, as officers if applicable, or in any other capacity and no Director shall directly or indirectly receive any profit or payment of any nature from the GSHC on any basis. The GSHC will reimburse Directors for all reasonable expenses incurred in the performance of duties as Directors of the GSHC.

4.12 Removal of Directors

A Director may be removed from the Board for such reasons including, but not restricted to:

- (b) conflict of interest that cannot be resolved in any other manner satisfactory to the Board and/or the Shareholder;
- (c) engagement in activities that are deemed by the Board and/or Council to be inconsistent with the principles and objectives of this Declaration;
- (d) inability to meet the eligibility criteria of a Board member as described in Section 4.5 (page 11) above; and
- (e) absence from three (3) consecutive meetings of the Board during any calendar year without prior written approval of the Board.

4.13 Staffing

The Board will hire a General Manager and approve the employment of staff as recommended by the General Manager. The Board will ensure that it is the General Manager's responsibility to establish and maintain a normal working environment for all union and non-union staff employed by the GSHC.

5. SHAREHOLDER MATTERS

5.1 Decisions of the Shareholder

5.1.1 Communications in Writing

All approvals and decisions of the Shareholder will be communicated in writing to the Chair and will be signed by an authorized signatory of the Shareholder.

5.1.2 Notice to GSHC

Where Shareholder approval is required, the GSHC shall deliver reasonable advance notice in writing of the need for such approval and shall provide such information as is reasonably necessary for the Shareholder to make an informed decision regarding the subject matter requiring approval.

5.2 Matters Requiring Shareholder Approval Under the *OBCA*

In accordance with the provisions of the *OBCA*, the GSHC will not, without prior approval of the Shareholder:

- (a) apply to make changes to the Articles of Incorporation (*OBCA*, s. 168);
- (b) amalgamate (*OBCA*, s. 174), apply to continue as a body corporate under the laws of another jurisdiction (*OBCA*, s. 180), merge, consolidate or effect a reorganization as defined in the *OBCA*, or approve or effect any plan of arrangement, in each case whether statutory or otherwise;

arrangement, in each case whether statutory or otherwise;

- (c) take or institute proceedings for any winding up (*OBCA*, ss. 193-205), arrangement (*OBCA*, s. 182) or dissolution (*OBCA*, s. 237);
- (d) create new classes of shares or reorganize, consolidate, subdivide or otherwise change its outstanding securities (*OBCA*, s. 168);
- (e) dispose of, by conveyance, transfer, lease, sale and leaseback, or other transaction, all or substantially all of its assets or undertaking (*OBCA*, s. 182), with the exception of entering into residential and commercial leases for the units and commercial spaces of the GSHC;
- (f) appoint and/or remove the Auditor of the GSHC (*OBCA*, s. 149), except where the auditor has been appointed by order of the Ontario Superior Court of Justice under section 149(8) of the *OBCA*;
- (g) make any change to the number of directors comprising the Board (*OBCA*, s. 168); and
- (h) enter into any transaction or take any action that requires shareholder approval pursuant to the *OBCA*.

5.3 Other Matters Requiring Shareholder Approval

5.3.1 Corporate Issues

Without the prior approval of the Shareholder the GSHC will not:

- (a) create any additional indebtedness that would require additional payment in the form of subsidies from the Service Manager, not including the impact of increased subsidy payments that may be required pursuant to other program cost increases as identified in any agreement with the Service Manager and including the renewal of existing mortgages and loans;
- (b) ~~sell real property used for the purposes of providing rent-g geared-to-income and market housing, or which are zoned or deemed suitable for housing purposes, but not including real property which is not zoned or deemed suitable for housing or that is used for commercial purposes;~~
- (c) proceed with redevelopment projects, or material changes in the number or distribution of rent-g geared-to-income units, including changes to targeting plans;
- (d) appoint new directors to fill vacant positions on the Board; and
- (e) pass or amend any by-laws

- (i) with respect to the composition or number of Directors or the term of Directors; or
 - (ii) that are inconsistent with this Declaration;
- (f) take or institute proceedings for any legal reorganization (*OBCA*, s. 186) of the Corporation.

5.3.2 By-laws General

The GSHC shall, where by-laws and by-law amendments have been approved by the Board, seek Shareholder approval for such by-laws and by-law amendments. Where such approval is denied, the GSHC shall not implement such by-laws and by-law amendments.

5.4 Regulatory Matters

5.4.1 *Municipal Freedom of Information and Protection of Privacy Act*

The GSHC is subject to the *MFIPPA* which requires the Board to appoint a "head" of the GSHC for the purposes of disclosing or refusing to disclose "records" or "confidential information", as those expressions are defined in the *MFIPPA*. The GSHC shall appoint the Chair as the head of the GSHC for the purposes of the *MFIPPA*.

5.4.2 Other Legislation

The GSHC is subject to a variety of legislation that governs its operations and which establishes the responsibilities of the Board such as the *Tenant Protection Act*, the *Human Rights Code* or municipal property standards by-laws. In all such cases such legislation will prevail over this Declaration and any other direction of the Shareholder where there is a conflict between these directions and such legislation. Should such a conflict occur, the GSHC shall contact the Service Manager to discuss the manner in which the interests of the Shareholder may best be protected.

5.5 Annual Shareholder's Meeting

The Directors of the GSHC shall call an annual meeting of the GSHC not later than 4 months after the end of GSHC fiscal year.

6. ACCOUNTABILITY

6.1 Annual Report

6.1.1 General

Within 120 days after the end of the GSHC fiscal year, the Board will prepare and approve an Annual Report and submit the report to the Shareholder. The Annual Report will include:

1. such explanations, notes and information as is required to account for any variances between the actual results from operations and the budgeted amounts set forth in the approved budget, and any material variances in the projected ability of any business activity to meet or continue to meet the financial objectives of the Shareholder;
2. information that is likely to materially affect the Shareholder's objectives;
3. information regarding any matter, occurrence or other event which is a material breach or violation of any law, including major findings of internal and other audits;
4. a five year business plan outlining the strategic direction and new business initiatives which the GSHC will undertake or recommend. The business plan will be prepared on a consistent format with the business plan currently in effect;
5. information regarding the performance of the GSHC such that the Shareholder can determine that the business plan has been respected;
6. information regarding the performance of the GSHC such that the Shareholder can determine that the Shareholder Declaration has been respected;
7. any such additional information as the Shareholder and/or the Service Manager may specify from time to time; and

6.1.2 Other Reports

The GSHC's Annual Report will be consistent with, but not in lieu of, other reporting that the Service Manager may require that is consistent with the social housing program funding requirements or otherwise agreed to by the Board.

6.2 Access to Records

The Shareholder shall have unrestricted access to the books and records of the GSHC during normal business hours. The Shareholder shall treat all information of the GSHC with the same level of care and confidentiality as any Confidential Information of the Shareholder.

6.3 Audit

The GSHC's financial statements will be audited annually with the following requirements:

- (a) the Auditor must be licenced under the *Public Accountancy Act* and is appointed by the Shareholder; and

- (b) the Auditor will provide the Auditor's Derivative Report and the Auditor's Report on financial information for the GSHC Annual Information Return and prepare an Auditor's report on the GSHC financial statements. The Auditor shall prepare a management letter for the purpose of indicating to the GSHC specific ways to improve reporting and financial operations to help foster efficient management of GSHC resources. The management letter will also describe whether or not GSHC has corrected any identified deficiencies in legislative compliance and in internal controls.

6.4 Payment of Auditor

The GSHC will satisfy payment of the remuneration of the Auditor.

6.5 Accounting

The GSHC will adopt and use the accounting policies and procedures that may be approved by the Board from time to time and all such policies and procedures will be in accordance with generally accepted accounting principles and applicable regulatory requirements.

6.6 Annual Financial Statements

The Board will deliver, as soon as practicable and in any event within 120 days after the end of each fiscal year, the audited Financial Statements of the GSHC for consideration by the Shareholder.

6.7 Annual Information Return

The Annual Information Return with the Auditor's reports (as contemplated by Article 6.3(b) (page 17) and copy of the GSHC audited financial statements, signed on behalf of the Board by two members, shall be submitted to the Shareholder within 120 days of the GSHC's fiscal year end.

7. FINANCIAL PERFORMANCE

The Board will use its best efforts to ensure that the GSHC meets the financial performance standards set by the Board and those set by the Shareholder and Service Manager.

8. COMMUNICATIONS

8.1 Governance

All communication with respect to general governance matters between the GSHC and the Shareholder shall be exchanged between the GSHC Chair and the City's General Manager, Economic Development and Planning Services or their duly appointed designate.

8.2 Policy

All communication with respect to policy matters between the GSHC and the Shareholder shall be exchanged between the GSHC Chair and the City's Manager, Housing Services or their duly appointed designate.

8.3 Operations

All communication with respect to operational matters between the GSHC and the Shareholder shall be exchanged between the GSHC General Manager and the City's Manager, Housing Services or their duly appointed designate.

9. AMENDMENTS

This Declaration may be amended solely at the discretion of the Shareholder. The Shareholder will provide prior written notice to the Board of any such proposed amendments.

10. TERM

This Declaration shall come into effect as of December 1, 2003 and continue in effect until terminated by the Shareholder.

11. NOTICE

Any demand, notice or other communication to be given to the Shareholder in connection with this Declaration shall be given in writing and may be given by personal delivery or by registered mail, courier or facsimile transmission, addressed to the Shareholder's representative as indicated in Articles 8.1, 8.2 and 8.3 as follows:

City of Greater Sudbury
200 Brady Street
Sudbury, Ontario
P3E 1C7

~~Any demand, notice or other communication to be given to the GSHC in connection with this Declaration shall be given in writing and may be given by personal delivery or by registered mail, courier or facsimile transmission, addressed to the GSHC as follows:~~

The Greater Sudbury Housing Corporation
10 Elm Street
Suite 401
Sudbury, Ontario
P3E 4P6

Any demand, notice or other communication to be given by either party to such other address or facsimile number as may be designated by notice by either party to the other. Any such

notice given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof; if given by registered mail, on the third day following the deposit thereof in the mail; if by courier, on the second day after delivery to the courier; and if by facsimile transmission, on the same day if sent prior to 4:00 P.M. and on the next following working day of the party if sent after 4:00 P.M.. If the party giving any notice knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any such notice shall not be mailed but shall be given by personal delivery, courier or facsimile transmission.

12. NO ASSIGNMENT

GSHC will not assign this Declaration, or any part thereof, without the prior written approval of the Shareholder, which approval may be withheld by the Shareholder in its sole discretion or may be given subject to such terms and conditions as the Shareholder may impose.

13. ENTIRE AGREEMENT

This Declaration embodies the entire agreement between the parties and supercedes any other understanding or agreement, collateral, oral or otherwise, existing between the parties at the date of execution.

14. LAW OF ONTARIO

This Declaration shall be governed by and construed with the laws of the Province of Ontario.

15. BINDING UPON ASSIGNS

This Declaration shall be binding upon the parties, their successors and permitted assigns.

IN WITNESS WHEREOF the parties sign by their duly authorized signing officers:

CITY OF GREATER SUDBURY

Per:

 Mayor

 Clerk

APPENDIX A

THIS OPERATING FRAMEWORK

ISSUED BY:

CITY OF GREATER SUDBURY

(Referred to in this Operating Framework interchangeably as
the "City", and/or the "Service Manager")

- in respect to the operations of -

THE GREATER SUDBURY HOUSING CORPORATION

(Referred to in this Operating Framework interchangeably as
the "Corporation" or the "GSHC")

Table of Contents

		Page
	RECITALS	23
1.	INTERPRETATION	24
2.	Operating Framework Contents	26
2.1	Framework Items	26
2.2	Other Service Manager Program Funding	26
2.2.1	Additional Programs	26
2.2.2	Additional Functions	27
2.2.3	Consultation	27
3.	SERVICE MANAGER MATTERS	27
3.1	Decisions of the Service Manager	27
3.2	Provision of Management Support Services	28
3.3	Provision of Insurance Coverage	28
4.	Financial Matters	28
4.1	Requirements for Subsidy Payments	28
4.2	Subsidy Approval	30
4.3	Budget Not To Be Exceeded	30
4.3.1	Final Budget based Upon Subsidy Approval	30
4.3.2	Timing of Subsidy Payment	31
4.4	Budget Deficit	31
4.5	Subsidy Surplus	31
4.6	Accounting and Reporting	31
5.	GOVERNING DIRECTIONS	32
5.1	Employment and Related Matters	32
5.2	Tendering and Purchasing Matters	32

	Page
5.3 Agenda and Minutes	32
6. ACCOUNTABILITY	32
6.1 Annual Report	32
6.1.1 General	32
6.1.2 Other Reports	33
7. FIELD MANUALS AND SERVICE MANAGER POLICIES	34
7.1 Ontario Housing Corporation Manuals	34
7.1.1 General	34
7.1.2 Service Manager to be Decision Maker	34
7.2 Other City Policies	34
8. DISCRETION	34
9. GENERAL REPORTING	35
10. ACCESS TO PREMISES AND AUDIT REVIEWS	35
11. GSHC SERVICE LEVEL TARGETS	35
11.1 Service Level Targets	35
11.2 Existing Compliment	35
11.3 Units Excluded	36
11.4 Alteration of Service Level Targets	36
11.5 Report on Service Level Targets	36
12. GSHC MANDATE	36
13. COMPLIANCE WITH LAW	36
14. BREACH	37
15. COMMUNICATIONS	37
15.1 Governance and Policy	37
15.2 Operations	37
15. AMENDMENTS	37

RECITALS

WHEREAS provincial and federal devolution of housing program responsibilities has given the City a dual role in social housing - being the Service Manager and the sole Shareholder of the Greater Sudbury Housing Corporation;

AND WHEREAS the Greater Sudbury Housing Corporation owns a portfolio of housing and administers social housing programs;

AND WHEREAS the Greater Sudbury Housing Corporation and other social housing providers in the City of Greater Sudbury participate in such social housing programs;

AND WHEREAS through the *Social Housing Reform Act*, the Province of Ontario has considerable power over the City as the Service Manager and over the Greater Sudbury Housing Corporation as a housing provider;

AND WHEREAS section 32 of the *SHRA* provides that the Service Manager shall establish rules governing the accountability of the GSHC to the Service Manager which accountability rules shall address the operation and activities of the Greater Sudbury Housing Corporation, including such matters as reporting requirements, budgeting and funding, the maintenance of housing projects, audits and investigations, the exchange of information and other such matters as the Service Manager considers appropriate to ensure the performance of the Greater Sudbury Housing Corporation's duties under the *Social Housing Reform Act*;

AND WHEREAS the City, as Service Manager, and the Greater Sudbury Housing Corporation wish to define the manner by which the Greater Sudbury Housing Corporation will meet the *Social Housing Reform Act* requirements and the manner by which social housing programs operated by the Greater Sudbury Housing Corporation will be administered;

AND WHEREAS the rules governing the accountability of the GSHC to the Service Manager are established in this Operating Framework and are based upon general principles aimed at

1. ensuring stable and predictable funding for the Greater Sudbury Housing Corporation to mitigate any impacts on tenants from program funding decisions;
2. simplifying and harmonizing the social housing program structures and

funding models in order to reduce administration costs; and

3. acknowledging that the Service Manager will require timely information required to prepare budgets and fulfill its reporting obligations to the Province of Ontario and other agencies.

THE TERMS OF THIS OPERATING FRAMEWORK, AS AMENDED FROM TIME TO TIME, SHALL BIND THE GREATER SUDBURY HOUSING CORPORATION.

1. INTERPRETATION

Whenever used in this Operating Framework, unless there is something in the subject matter or context inconsistent therewith, the following words and terms shall have the respective meanings ascribed to them in this Section 1.1:

"Auditor" means a Person appointed by the Shareholder;

"Board" means the Board Directors of the Greater Sudbury Housing Corporation;

"Business" means the business of the Greater Sudbury Housing Corporation as a housing provider pursuant to the *Social Housing Reform Act*;

"City" means the City of Greater Sudbury;

"Corporation" means the Greater Sudbury Housing Corporation;

"Council" means the Council of the City of Greater Sudbury;

"Financial Statements" means, for any particular period, audited or unaudited (as stipulated in this Operating Framework, consolidated or unconsolidated (as stipulated in this Operating Framework), comparative financial statements of the Greater Sudbury Housing Corporation consisting of not less than a balance sheet, a statement of income and retained earnings, a statement of changes in financial position, a report or opinion of the Auditor (in the case of audited financial statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law;

"GSHC" means the Greater Sudbury Housing Corporation;

"Housing Portfolio" means all housing projects operated by the GSHC;

"Housing Project" means all or part of the residential accommodation located in one or more buildings used in whole or in part for residential accommodation and includes vacant land, if any owned by the GSHC;

"MFIPPA" means the *Municipal Freedom of Information and Protection of Privacy Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"OBICA" means the *Ontario Business Corporations Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"Other Programs" means housing programs as identified by the Service Manager which are managed and/or administered by the GSHC at the Service Manager's request;

"Person" means an individual, sole proprietorship, partnership, unincorporated association, unincorporated organization, trust body corporate and a natural person in her or his capacity as trustee, executor, administrator or other legal representative;

"Service Manager" means the City of Greater Sudbury (in its capacity as service manager) as the expression "service manager" is defined in the *Social Housing Reform Act* ("service manager" means a municipality, agency, board or commission designated as a service manager under subsection 4 (1));

"Shareholder" means the City of Greater Sudbury (in its capacity as owner of the GSHC);

"SHRA" means the *Social Housing Reform Act*, and regulations thereunder, as such statute may be amended or re-enacted from time to time;

"Tenants" means the tenants (as defined in the *Tenant Protection Act*), of the GSHC.

2. Operating Framework Contents

2.1 Framework Items

The Operating Framework will include, but will not necessarily be limited to:

- (a) defining the number of rent-geared-to-income units to be adhered to by the GSHC (Article 11);
- (b) formatting and timing provision of subsidy request and budget information to the Service Manager in order to prepare the Service Manager's budget (Article 4);
- (c) formatting and timing program reporting to the Service Manager to fulfill the Service Manager's obligations under the *SHRA* (Article 6);
- (d) determining the timing for the payment of subsidies to the GSHC (Article 4.3.2);
- (e) determining the method of dealing with annual GSHC surplus/deficits (Article 4.5).

2.2 Other Service Manager Program Funding

2.2.1 Additional Programs

The Service Manager may, from time to time, request that the GSHC perform certain functions and assume certain responsibilities which include but are not limited to:

- (a) the operation of a waiting list system for applicants to social housing;
- (b) the operation of rent supplement programs; and
- (c) the management of non-profit provider portfolios.

2.2.2 Additional Functions

In these and all other areas in which the Service Manager requests that the GSHC perform functions that are not mandated functions of a non-profit provider under the *SHRA*, the Service Manager and the GSHC will enter into agreements that include:

- (a) the level of funding to be provided for performance of additional functions;
- (b) the conditions and performance expectations of the Service Manager; and
- (c) the accountability requirements of the GSHC in undertaking additional functions.

2.2.3 Consultation

The Service Manager will not impose on the GSHC functions and obligations that are not identified in the *SHRA*, or that are not outlined in this Operating Framework without having consulted with and identified the administrative, operational and costs impacts upon, the GSHC.

3. SERVICE MANAGER MATTERS

3.1 Decisions of the Service Manager

The following policies will apply to any approvals or decisions that the Service Manager must provide with respect to the GSHC:

1. all approvals and decisions will be communicated in writing signed by an authorized signatory of the Service Manager; and
2. where Service Manager approvals are required the GSHC will give reasonable advance notice in writing of the need for approval and will provide such information as is reasonably necessary for the Service Manager to make an informed decision regarding the subject matter requiring approval.

3.2 Provision of Management Support Services

The Service Manager recognizes that the GSHC shall periodically require management support services in order to operate efficiently. Accordingly, the Service Manager shall allocate resources at no cost to the GSHC for the provision of the following management support services as the Service Manager, in its sole discretion, deems necessary or appropriate for the GSHC to operate:

1. legal services;
2. financial services;
3. human resource services; and
4. information technology services.

In circumstances where management support services are required, the GSHC shall notify the Service Manager in writing of its need for and the required extent of such management support services.

3.3 Provision of Insurance Coverage

GSHC shall name the Service Manager as an insured under its comprehensive insurance policies.

4. Financial Matters

4.1 Requirements for Subsidy Payments

GSHC shall:

- (a) submit to the Service Manager in a format acceptable to the Service Manager, a draft subsidy request supported by a draft budget by October 31 of each operating year and a final subsidy request supported by the final GSHC budget by December 31 of each operating year for approval by Council. Both the draft and the final subsidy requests shall include but not be limited to providing the following information:

- i) any proposed changes in staff complement, reclassifications, and merit salary increases;
 - ii) an estimate of expenditures to be incurred by the GSHC in respect of the operation of the Housing Portfolio including a breakdown of such expenditures for each Housing Project, including the estimated cost of repairs, maintenance, improvements, utilities, insurance, administration and taxes;
 - iii) an estimate of the gross revenue to be derived from the Housing Portfolio including a breakdown for each Housing Project, from rentals and all other sources;
 - iv) an estimate of expenditures to be incurred by the GSHC in respect to capital expenditures for each Housing Project;
 - v) supporting reports to the capital budget setting forth by project the nature and type of capital expenditures proposed to be made in the following fiscal year; and
 - vi) a five year capital expenditure projection identifying the major expenditures by project, type and anticipated cost in each of the fiscal years;
- (b) submit to the Service Manager monthly budget updates in a format acceptable to the Service Manager within fifteen (15) business days of the month end;
-
- (c) not spend capital subsidies in excess of the capital subsidy approved by the Service Manager for the year, or such interim approvals as the Service Manager may determine;
- (d) not spend operating subsidies in excess of the operating subsidy approved by the Service Manager for the year, or such interim approvals as the Service Manager may determine;

- (e) not spend Other Program subsidies in excess of the Other Program subsidies approved by the Service Manager for the year, or such interim approvals as the Service Manager may determine;
- (f) in any year not spend any operating or capital surplus subsidies or Other Program subsidies as identified in the approved GSHC audited financial statements;
- (g) not utilize subsidies approved for operating expenditures on capital expenditures or Other Program subsidies without the prior written approval of the Service Manager; and
- (h) not utilize subsidies approved for capital expenditures on operating expenditures or Other Program subsidies without the prior written approval of the Service Manager;
- (i) not utilize such Other Program subsidies designated by the Service Manager as type-specific program funding for purposes other than those identified by the Service Manager without the prior written approval of the Service Manager.

4.2 Subsidy Approval

The GSHC subsidy request shall be submitted to the Service Manager's Manager of Housing Services for review, development of recommendations and presentation to Council for approval. Council, with a recommendation from the Service Manager, may approve the final annual subsidy request or if necessary, may modify and approve the final annual subsidy request in each year of operation of the GSHC.

4.3 Budget Not To Be Exceeded

4.3.1 Final Budget based Upon Subsidy Approval

The final GSHC budget shall be approved by the Board based upon the level of subsidy approved by the Service Manager. The approved budget with approved

revisions, if any, shall govern the GSHC's management operations during the fiscal year for which the budget was prepared and approved and the GSHC shall not in that year pay, incur, enter upon, contract, or become liable for expenditures beyond or in excess of the net estimated revenues and expenditures set out in the approved budget without the prior written consent of the Service Manager.

4.3.2 Timing of Subsidy Payment

Subject as provided for herein, upon final Council approval, the Service Manager will deliver to the GSHC the GSHC subsidy on a monthly basis. In order to ensure that the flow of subsidy payments is consistent with budgetary requirements, the GSHC is encouraged to provide the Service Manager with a statement of estimated monthly subsidy requirements. The Service Manager, in its sole discretion, may deliver to the GSHC the monthly subsidy based upon the statement of estimated monthly subsidy requirements.

4.4 Budget Deficit

In any fiscal year, the GSHC shall not operate in a deficit.

4.5 Subsidy Surplus

Any operating, capital or Other Program subsidy surpluses identified in the audited financial statements shall be returned to the Service Manager pursuant to instructions received from the Service Manager.

4.6 Accounting and Reporting

The GSHC shall keep accurate records and accounts of all its transactions in accordance with instructions received from the Service Manager and will submit all required statements and reports pursuant to instructions received from the Service Manager on the forms prescribed and on the dates set by the Service Manager.

5. GOVERNING DIRECTIONS

5.1 Employment and Related Matters

The GSHC shall abide by all relevant employment and occupational health and safety legislation in the conduct of its operations, and will develop appropriate policies in areas recognizing its responsibilities as a public sector employer.

5.2 Tendering and Purchasing Matters

The GSHC will establish tendering and purchasing practices that ensure that the GSHC will manage all financial transactions in a transparent and open manner.

5.3 Agenda and Minutes

The GSHC shall prepare an agenda for and maintain minutes of each meeting of the Board and shall deliver on a monthly basis a copy of each to the City's General Manager, Economic Development and Planning Services and/or the City's Manager, Housing Services or their duly appointed designate.

ACCOUNTABILITY

6.1 Annual Report

6.1.1 General

Within 120 days after the end of the GSHC fiscal year, the Board will prepare and approve an Annual Report and submit the report to the Service Manager. The Annual Report shall include:

1. such explanations, notes and information as is required to account for any variances between the actual results from operations and the budgeted amounts set forth in the approved budget, and any material variances in the projected ability of any business activity to meet or

- continue to meet the financial objectives of the Shareholder;
2. information that is likely to materially affect the Shareholder's objectives;
3. information regarding any matter, occurrence or other event which is a material breach or violation of any law, including major findings of internal and other audits;
4. a five year business plan outlining the strategic direction and new business initiatives which the GSHC will undertake or recommend. The business plan will be prepared on a consistent format with the business plan currently in effect;
5. information regarding the performance of the GSHC such that the Service Manager can determine that the business plan has been respected;
6. information regarding the performance of the GSHC such that the Service Manager can determine that the Operating Framework has been respected;
7. information regarding the number of evictions each year, the rationale and the cost of such evictions; and
8. any such additional information as the Service Manager may specify *from time to time*.

6.1.2 Other Reports

The GSHC's Annual Report will be consistent with, but not in lieu of, other reporting that the Service Manager may require that is consistent with the social housing program funding requirements or otherwise agreed to by the Board.

7. FIELD MANUALS AND SERVICE MANAGER POLICIES

7.1 Ontario Housing Corporation Manuals

7.1.1 General

Except for the provisions of the Shareholders Declaration relating to *MFIPPA* (Article 5.4.1, page 15 of the Shareholder Declaration), the GSHC will be regulated by the regulations passed pursuant to the *SHRA*, the policies, procedures, standards, and objectives prescribed in the following Ontario Housing Corporation/Local Housing Authority Manuals (collectively referred to herein as the "Manuals"): the Administrative Procedures Manual; the Human Resources Manual; the Planned Maintenance Manual; the Fire Safety Manual; the Rent Supplement Manual; or by other such manual or direction as may be issued/identified by the Service Manager. Amendments to the Manuals shall be issued from time to time by the Service Manager. These amendments shall be known as "Service Manager Instructions".

7.1.2 Service Manager to be Decision Maker

The Service Manager shall, with necessary modification, be the decision-maker in circumstances where the Manuals provide that a decision is required from Ontario Housing Corporation, the Ministry of Municipal Affairs and Housing, the Housing Regional Office or the Regional Manager.

7.2 Other City Policies

The GSHC shall be further regulated by such additional policies prescribed by the Service Manager from time to time and the GSHC shall take all necessary steps to adopt as its own, the additional policies prescribed by the Service Manager.

8. DISCRETION

It is the GSHC's and the Service Manager's intention that the Service Manager Instructions contain not only procedures which must be complied with but also the parameters within which the GSHC has discretion.

9. GENERAL REPORTING

The GSHC shall deliver a copy of its Annual Report (Article 6.1, page 33) to the Service Manager within the time periods set out therein. The GSHC shall deliver such other reports as Service Manager deems appropriate within the time frames prescribed by the Service Manager.

10. ACCESS TO PREMISES AND AUDIT REVIEWS

Upon notification to the GSHC, the Service Manager shall have full and free access at all times to the GSHC Housing Portfolio and to the records, accounts, minutes of meetings, documents and files of the GSHC for maintenance, audit review, operation enquiries or for any purpose, and make excerpts and transcripts of same.

11. GSHC SERVICE LEVEL TARGETS

11.1 Service Level Targets

The GSHC will provide a minimum of 2,401 rent-gear-to-income units within the City of Greater Sudbury. This number of units will be known as the GSHC Service Level Target. Of the 2,401 units, 1,801 units will be occupied by Tenants who are considered High Need as defined in the *SHRA*. All units within GSHC's Service Level Target will be occupied by Tenants whose income, prior to being housed, is less than the Housing Income Levels (HILs), as defined by the *SHRA*.

11.2 Existing Compliment

The Service Level Targets will be comprised of 1,848 units which are owned and managed by the GSHC and 553 units which are managed by the GSHC but are leased through various rent supplement agreements. The sum of these units represents the original number of units transferred to the GSHC from Ontario Housing Corporation.

11.3 Units Excluded

The GSHC Service Level Target shall not include units managed by the GSHC under the provincial Rent Supplement Homelessness Program.

11.4 Alteration of Service Level Targets

Subsequent to consultation with GSHC, the Service Manager may alter the Service Level Target as required in order to comply with the SHRA requirements. The Service Manager shall deliver a notice in writing of any changes to the GSHC Service Level Target and shall provide sufficient detail to the GSHC to enable it to adjust its budget and other financial targets.

11.5 Report on Service Level Targets

The GSHC will monitor its Service Level Target monthly and report as requested by the Service Manager in a format acceptable to the Service Manager on the GSHC's performance with respect to its Service Level Target. The GSHC will not deviate from this Service Level Target without the written consent of the Service Manager.

12. GSHC MANDATE

The GSHC mandate as initially established by the *SHRA* will remain in effect. The GSHC will house family households, senior households and households without dependents (singles) who are in need of rent-geared-to-income housing. The GSHC *will not deviate from its initial mandate without the prior written approval of the Service Manager.*

13. COMPLIANCE WITH LAW

The GSHC shall ensure that all articles, by-laws, resolutions, agreements and documents filed, made, confirmed, amended, entered into or signed by them do not contravene or conflict with the *SHRA* or its regulations.

14. BREACH

In the event of any material breach of this Operating Framework or of Service Manager instructions thereunder by the GSHC, the Service Manager shall immediately and formally communicate with the Board and request compliance. Should the Board decline or fail to comply, the Service Manager may do one or more of the following:

- a) suspend or restrict the internal signing authorities of the GSHC;
- b) impose a Service Manager administrator on the GSHC;
- c) notify the Shareholder and seek direction from the Shareholder;
- d) suspend all or some of the City subsidies; or
- e) impose any such remedy as the Service Manager deems necessary in order to return the GSHC to full program and/or legislative compliance.

15. COMMUNICATIONS

15.1 Governance and Policy

All communication with respect to general governance and policy matters between the GSHC and the Service Manager shall be exchanged between the GSHC Chair and the City's Manager, Housing Services or their duly appointed designate.

15.2 Operations

All communication with respect to operational matters between the GSHC and the Service Manager shall be exchanged between the GSHC General Manager and the City's Manager, Housing Services or their duly appointed designate.

16. AMENDMENTS

This Operating Framework may be amended solely in the discretion of the Service Manager and the GSHC shall comply with such amendments on the date such amendments are declared by Council and/or the Service Manager to be in force. The Service Manager shall provide prior written notice to the Board of any such proposed amendments.



City of Greater Sudbury

Social Housing Governance Best Practices Review

Final Report

September 11, 2018





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Ms. Cindi Briscoe
Manager of Housing Services
City of Greater Sudbury
199 Larch Street, Suite 603
Sudbury, Ontario P3A 5P3

September 11, 2018

Dear Ms. Briscoe,

We are pleased to provide our report to the City of Greater Sudbury (the "City") concerning our review of best practices for the organizational structure of social housing activities in Ontario. Our review of best practices has been requested in connection with a separate engagement to conduct a governance review of the Greater Sudbury Housing Corporation ("GSHC"), which is currently in progress.

As outlined in our engagement letter, the purpose of our review was to identify organizational structures for social housing implemented by the Province's 47 consolidated service managers, assess the benefits of the various structures and provide an analysis of alternative organizational structures that could be considered by the City. We anticipate that the results of our review will be incorporated into our main report relating to the governance review of the GSHC.

We trust our report is satisfactory for your purposes and appreciate the opportunity to be of service to the City. Please feel free to contact the undersigned at your convenience should you wish to discuss any aspect of our report.

Yours truly,

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Per Oscar Poloni, Partner
705.669.2515 | opoloni@kpmg.ca

Greater Sudbury Housing Corporation Governance Review

Introduction

The Greater Sudbury Housing Corporation (“GSHC”) was established in December 2000 in response to the passing of the Social Housing Reform Act (the “SHRA”), the enabling legislation for the transfer of social housing from the Province of Ontario to 47 service managers (consisting of 37 upper or single tier municipalities and 10 district social services administration boards). Pursuant to the SHRA, approximately 84,000 public housing units were devolved by the Province to Ontario municipalities effective January 1, 2001, including more than 1,800 units that were transferred to the GSHC. The establishment of separate corporations for the purposes of owning the transferred public housing units was a requirement of the SHRA.

Prior to the transfer of social housing, the City had already been designated as a Consolidated Municipal Service Manager (“Service Manager”), representing the organization responsible for the delivery of social and community health services, including social assistance (now called Ontario Works) and child care programs. While the SHRA transferred ownership of social housing units to the GSHC, it assigned to the City (as Service Manager) the overall financial and administrative responsibility for social housing. The City is unique in that it is the only municipality in Northern Ontario designated as a Service Manager, with district social service administration boards (“DSSAB’s”) acting as service managers in the remainder of Northern Ontario.

In order to manage the relationship between the City (as Service Manager), the GSHC (as owner and operator of the actual social housing units) and the Province of Ontario (as the ultimate funder of Service Managers), two agreements were executed:

- A shareholder declaration (the “Shareholder Declaration”); and
- An operating framework (the “Operating Framework”).

Collectively, these two documents were intended to prescribe the nature of the relationship between the GSHC and the City (in its capacity as both shareholder and Service Manager), including stipulating provisions with respect to decision-making, financial management and reporting.

A. Introduction to the review

On May 15, 2018, the City’s Auditor General released its report on the governance audit of the GSHC. Intended to assess the oversight framework, governance structure and mandate of the GSHC as well as the City’s oversight of the GSHC, the Auditor General’s report concluded that:

- The GSHC’s oversight framework is generally effectively designed and its governance structure and mandate are sufficient and appropriate to provide a framework for effective oversight; and
- The City has established a generally effective framework for the oversight of the GSHC.

Introduction

A. Introduction to the review (continued)

Notwithstanding the positive nature of the Auditor General's overall conclusions, the report did identify areas that were recommended to be addressed, including:

- The relevance of the Shareholder Declaration and Operating Framework, both of which were identified as dated and requiring updating;
- The orientation process (undertaken by the City) for City Councillors, which was seen as requiring enhancement in order to provide sufficient awareness of the role of the GSHC and the obligation of City Councillors servicing as GSHC directors;
- The orientation process (undertaken by the GSHC) for City Councillors acting as GSHC directors, with the Auditor General recommending changes intended to address the potential for conflicts of interest between the City and GSHC; and
- The absence of formal performance management processes, including a review of the GSHC's strategic plan to ensure alignment with the Operational Framework and reporting on key performance indicators.

In response to these findings, the Auditor General made six recommendations with respect to the governance of the GSHC, including the completion of an operational review of the GSHC. As outlined in the Auditor General's report, the purpose of the operational review would be *"to evaluate the effectiveness of the current oversight structure and processes and recommend changes to better align the strategic objectives, initiatives and budgets of the GSHC with the City's objectives and plans"*. In response to this recommendation, the City has retained KPMG LLP to conduct a governance review of the GSHC, which is currently in progress.

A component of our overall governance review of the GSHC is an analysis of organizational structures for social housing in Ontario for the purposes of assessing the merits of different organizational structures and identifying common/best practices and this report outlines the results of our analysis of this specific component of our review.

Introduction

B. Scope of review

Our findings and conclusions are based on the following sources of information:

- A review of the Shareholder Declaration between the City and the GSHC;
- A review of the Operating Framework between the City and the GSHC;
- A review of the Social Housing Reform Act, 2000;
- A review of the Housing Services Act, 2011;
- A review of the Auditor General's report on the governance audit of the GSHC;
- A review of governance structures for local housing corporations; and

Discussions with and information provided by representatives of:

- City of Greater Sudbury Housing Division;
- Ministry of Municipal Affairs and Housing;
- Selected Consolidated Municipal Service Managers in Ontario.

Introduction

C. Restrictions

This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and opportunities as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the City of Greater Sudbury. Accordingly, KPMG will assume no responsibility for any losses or expenses incurred by any party as a result of the reliance on our report.

This report may include or make reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

Our fees for this engagement are not contingent upon our findings or any other event.

KPMG currently provides external audit services to both the City and the GSHC.

Greater Sudbury Housing Corporation Governance Review

KPMG Comments and Observations

For the purposes of our report, we comment on each of the following:

- Overview of the current organizational structure
- Overview of organizational structures utilized by other Service Managers
- Evaluation and recommendation of a preferred organizational structure

A. Overview of the current operating structure

The current operating structure utilized by the City for City-owned social housing has not changed since the devolution of social housing by the Province in 2001, with the City acting as shareholder and Service Manager. Pursuant to Section 2.1 of the Shareholder Declaration, the GSHC board (comprised of seven directors, two of which are City Councillors) has been provided with *"the authority to manage or supervise the management of the business and affairs of the GSHC in accordance with"* the Shareholder Declaration. Section 2.2 of the Shareholder Declaration further states that *"the GSHC has be responsible for the management of the housing portfolio, for making policy and operational decisions and being accountable for such policy and operational decisions through the submission to the Shareholder and Service Manager of the Annual Report"*.

As noted in the Auditor General's report, both the Shareholder Declaration and Operating Framework are dated and in need of revision. Specifically, we note that:

- Both documents continue to refer to the SHRA, despite its repeal on January 1, 2012;
- Neither document reflects the current regulatory environment for social housing, defined by the HSA and as such, do not reflect the City's additional responsibilities and powers under the HSA; and
- Neither document has been updated to reflect City policies introduced subsequent to their execution, as an example the City's policy with respect to the GSHC reserves established in December 2006.

As a result of the above-noted instances, there are inconsistencies between (i) the Shareholder Declaration/Operating Framework and the City's powers as Service Manager under the HSA; and (ii) the Shareholder Declaration/Operating Framework and the City's internal policies with respect to the GSHC's reserves. Examples of these inconsistencies are provided on the following page.

Greater Sudbury Housing Corporation Governance Review

KPMG Comments and Observations

A. Overview of the current operating structure (continued)*Inconsistencies between the Shareholder Declaration/Operating Framework and the City's powers as Service Manager under the HSA*

Pursuant to Section 27(1) of the HSA, it appears that the City can, at its sole discretion as Service Manager, implement rules that apply to the GSHC (provided these rules do not conflict with the prescribed rules under the HSA). As noted in Section 27(2) of the HSA, these rules may address “*the operation and activities of the local housing corporation, including such matters as reporting requirements, budgeting and funding, the maintenance of housing projects, audits and investigations, the exchange of information and such other matters as the service manager or Lieutenant Governor in Council considers appropriate to ensure the performance of the local housing corporation's duties under this Act*”. This provision allows the City as Service Manager to make operational decisions relating to the GSHC, representing an inconsistency with Section 2.2 of the Shareholder Declaration which delegates this operational responsibility to the GSHC. Examples of issues arising from this inconsistency include the following:

- We understand that the GSHC has implemented a lateral transfer policy that levies a \$250.00 fee for residents on the GSHC wait list that wish to transfer from one unit to another. In advance of the implementation of the lateral transfer policy, the City as Service Manager requested the GSHC to “*not move forward with the implementation of this policy*” pending a legal review to ensure that the policy was not a contravention of the HSA. We understand that notwithstanding the City's request to defer the matter, the GSHC implemented the policy.
- In March 2018, the City as Service Manager directed the GSHC to enter into an agreement with the Canadian Mental Health Association – Sudbury and Manitoulin for the shared funding of a transitional community support worker. In response to this direction, the GSHC questioned the ability of the Service Manager to impose this agreement on the GSHC and also requested a review of the business case and potential risks prior to agreeing to the shared funding arrangement.

Inconsistencies between the Shareholder Declaration/Operating Framework and the City's policies with respect to the GSHC's reserves

In December 2006, City Council passed Council Resolution 2006-993 endorsing the creation of reserve accounts for the GSHC beginning in the 2007 fiscal year as per the position outlined in a report from the General Manager of Community Development. In the report, it was recommended that three types of reserves be established – a capital reserve, an operating reserve and a rent supplement reserve – with each reserve to be funded from annual expenditures in the respective program area. While the report did not establish a maximum of the reserves, it did indicate that “*the GSHC would be able to contribute to and/or withdraw monies from the reserves only with the prior written consent of Housing Services, acting on behalf of the Service Manager*”. The report also indicated that “*such consent would be at the sole discretion of Housing Services*”, which would appear to preclude the requirement for Council approval.

Greater Sudbury Housing Corporation Governance Review

KPMG Comments and Observations

A. Overview of the current operating structure (continued)

In April 2018, the GSHC requested permission from the City to transfer approximately \$1.5 million of unspent subsidies to its operating, capital and rent supplement reserves, with an additional request for \$490,000 in capital reserves to be used to finance capital projects approved but not completed at the end of the GSHC's 2017 fiscal year. Subsequent to its review of the request, the City advised the GSHC that it would be recovering approximately \$940,000 in unspent subsidies, comprised of the \$1.5 million in surplus less the \$490,000 requested for capital funding of projects approved but not completed at year-end. Following the City's notification of the surplus recovery, there has been ongoing discussion between the City and GSHC concerning the precedence of the reserve policy approved by the City in December 2006 over the Operating Framework (Section 4.5 of which indicates that subsidy surpluses are to be recovered by the City as Service Manager), notwithstanding the fact that it appears that Housing Services has the authority under the reserve policy to deny the request for reserve transfers and recover unspent subsidies.

We believe the inconsistencies between the Shareholder Declaration/Operating Framework and (i) the City's role as Service Manager under the HSA; and (ii) the City's reserve policy with respect to the GSHC have contributed, at least in part, to an overall deterioration in the relationship between the GSHC and the City (specifically Housing Services). It is apparent that relationship has become increasingly adversarial and confrontational over time.

In addition to the effects of the above-noted inconsistencies, we also believe that the relationship between the GSHC and the City has been adversely impacted by instances where the GSHC appears to have or intends to contravene provisions of the Shareholder Declaration/Operating Framework and Provincial requirements, including the following:

- Documentation provided by the City indicates that the GSHC has been late in quarterly filings relating to the Social Housing Improvement Program ("SHIP") and Social Housing Apartment Retrofit Program ("SHARP"), representing instances of non-compliance with Provincial requirements. While the GSHC is required to submit financial reports to the City, which are then submitted to the Province, the documentation indicates that reporting by the GSHC for some quarterly claims in 2017 and 2018 has either been late or incomplete, in the latter case resulting in delays associated with the time required to accumulate the missing information. The documentation also indicates that in at least one instance, the potential existed for the loss of Provincial funding due to non-compliance with Provincial filing requirements.
- We understand that the GSHC has been denied permission for the reconstruction of three-bedroom units into two-bedroom units. The City has taken the position that its approval is required pursuant to Section 5.3.1(c) of the Shareholder Declaration, which states "*Without the prior written approval of the Shareholder the GSHC will not proceed with redevelopment projects, or material changes in the number or distribution of rent-geared-to-income units, including changes in targeting plans*". The GSHC's response cites sections of the Shareholder Declaration delegating responsibilities to the GSHC as well as providing interpretation of Section 5.3.1, based on part on discussions with its legal counsel.

Based on overall assessment of the current organizational structure, we believe it is reasonable to conclude that its effectiveness and efficiency is compromised by the identified inconsistencies between the relevant governance documents and the generally poor relationship between staff of the GSHC and the City.



Greater Sudbury Housing Corporation Governance Review

KPMG Comments and Observations

B. Overview of organizational structures utilized by other Service Managers

At the time of devolution of social housing by the Province to Service Managers, the establishment of a local housing corporation (“LHC”) was a requirement imposed by the Province. Subsequent to devolution, a number of Service Managers have adopted alternative governance structures for their social housing portfolios.

Based on our discussions with representatives of the Ministry of Municipal Affairs and Housing, other Service Managers (both municipal and DSSAB) and industry representatives, we understand that three organizational structures are currently in common use in Ontario:

- Some Service Managers continue to utilize the initial organizational structure established at devolution – a separate LHC for the purposes of owning and managing their social housing portfolios – with governance provided by a board of directors comprised primarily of unelected individuals.
- Some Service Managers continue to utilize their LHC for the purposes of owning their social housing portfolios, with the management of social housing delivered directly by the Service Manager. Under this model, governance is ultimately provided by Council or the board of the DSSAB (depending on the nature of the Service Manager).
- Some Service Managers have discontinued their LHC and have assumed direct ownership of their social housing portfolio as well as direct administration of social housing programs. As with the use of the LHC only as a holding company, governance is provided by Council or the board of the DSSAB.

During the course of our review, we have requested, but were not provided with, information from the Ministry of Municipal Affairs and Housing concerning the distribution of Service Managers by type of organizational structure. However, our review indicates that the use of a separate LHC for the purposes of both owning and managing social housing portfolios (i.e. the current model used by the City) is **not** the most prevalent organizational model, with an estimated 10 to 12 of Ontario’s 47 Service Managers continuing to utilize this structure, including larger Service Managers such as Toronto, Ottawa, London, Peel Region and Windsor. Rather our review indicates that the direct delivery of social housing by the Service Manager is the most common approach. This is consistent with a survey conducted in 2007 by Housing Services Corporation, which indicated that, of the 38 Service Managers that responded to the survey, only 12 utilized separate organizations to manage social housing, while the other 26 responding Service Managers directly managed social housing.

Accordingly, it appears that direct management of social housing by the Service Manager, with ownership either retained by the LHC or directly by the Service Manager, represents the best/most common practice in Ontario.

Greater Sudbury Housing Corporation Governance Review

KPMG Comments and Observations

C. Evaluation and recommendation of a preferred organizational structure

As noted in the previous section, there appear to be three potential organizational structures available to the City with respect to its social housing portfolio:

- Option 1 – Ownership and management by the GSHC (current option)
- Option 2 – Ownership by the GSHC but management by the City
- Option 3 – Ownership and management by the City

For the purposes of our report, we have evaluated these options based on the following considerations:

- Does the option provide the best opportunity for a skills-based governance board?
- Does the option reduce the potential for political influence of decisions, allowing decision-making to be guided by relevant considerations (client service, financial sustainability)?
- Does the option contribute towards consistency between the City's long term affordable housing strategy and the management of the social housing portfolio?
- Does the option contribute towards consistency between infrastructure investment requirements and associated financing for social housing units and the City's broader asset management planning and capital financing activities?
- Is the option consistent with industry best/common practice?
- Is the option consistent with the City's organizational structure for social services?
- Does the option contribute towards the integration of human services delivery, enhancing the ability to provide one-window service to clients?
- Does the option contribute towards the integration of administrative services, enhancing the potential for operating efficiencies?
- Does the option result in decision-making that is compliant with the provisions of the HSA and other regulatory requirements?

Our evaluation of the identified organizational structures (Options 1, 2 and 3) is provided on the following page.

Greater Sudbury Housing Corporation Governance Review

KPMG Comments and Observations

Evaluation Consideration	Option			Notes
	1	2	3	
Does the option provide the best opportunity for a skills-based governance board?	●	○	○	The current organizational structure involves a board of directors comprised of a majority of non-Council members, allowing for the appointment of individuals with requisite skills (finance, legal, engineering, social services, etc.)
Does the option reduce the potential for political influence of decisions, allowing decision-making to be guided by relevant considerations (client service, financial sustainability)?	●	◐	◐	The current organizational structure provides a degree of separation from City Council by virtue of (i) having a majority of board members being non-Councillors; (ii) setting parameters for governance through the Shareholder Declaration and Operating Framework; and (iii) establishing interaction between the LHC and the City based on the annual report and budget process.
Does the option contribute towards consistency between the City's long term affordable housing strategy and the management of the social housing portfolio?	◐	●	●	Direct management by the City (Housing Services) would ensure consistency between all programs focused on social housing.
Does the option contribute towards consistency between infrastructure investment requirements and associated financing for social housing units and the City's broader asset management planning and capital financing activities?	◐	●	●	Direct management by the City would establish social housing as a City division, resulting in its inclusion in all City financial planning activities.
Is the option consistent with industry best/common practice?	○	●	●	Direct administration of social housing by the Service Manager represents the majority of organizational structures adopted by Service Managers in Ontario, with the current structure (Option 1) used by less than 25% of Service Managers.

● Fully effective in meeting consideration ◐ Partially effective in meeting consideration ○ Least effective in meeting consideration



Greater Sudbury Housing Corporation Governance Review

KPMG Comments and Observations

Evaluation Consideration	Option			Notes
	1	2	3	
Is the option consistent with the City's organizational structure for social services?	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Within the slate of health and social services programs shifted to the City under Local Service Realignment, the GSHC is the only wholly-controlled subsidiary maintained by the City. All other health and social services transferred under Local Service Realignment, including Ontario Works, childcare and subsidies to not-for-profit housing organizations are administered directly by the City.
Does the option contribute towards the integration of human services delivery, enhancing the ability to provide one-window service to clients?	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Under the current model, the delivery of Ontario Works and social housing is provided through separate locations with limited integration between the two services despite the correlation between Ontario Works usage and social housing. Direct management by the City would allow for the establishment of a "one-window" approach to client service.
Does the option contribute towards the integration of administrative services, enhancing the potential for operating efficiencies?	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	The current structure has resulted in the establishment of parallel functions, including finance and facilities maintenance. In addition, the GSHC is required to incur certain corporate expenditures such as directors and officers insurance and audit fees that could be eliminated if the City directly managed the social housing portfolio. We also note that the GSHC has on occasion retained legal counsel to advance positions that are contrary to the City's direction.
Does the option result in decision-making that is compliant with the provisions of the HSA and other regulatory requirements?	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	We do not believe that any of the options will impact the degree of compliance with the HSA.

Greater Sudbury Housing Corporation Governance Review

KPMG Comments and Observations

Based on the results of our analysis, we have identified the direct management of social housing by the City as Service Manager, along with either the direct ownership by the City of the social housing portfolio or the continuance of the GSHC as a property holding company, to be the preferred organizational structure.

To the extent that the City decides to proceed with this restructuring, we suggest that consideration be given to an implementation framework that considers the following:

1. Dissolution of the current board of the GSHC and the appointment of additional members of City Council to serve in a transitional capacity.
2. The establishment of a transition team comprised of City staff from Housing Services, Finance, Infrastructure, Social Services and the GSHC. In establishing the transition team, the City should also appoint a project manager that has overall responsibility for the transition.
3. A review of related collective bargaining agreements for GSHC unionized employees and contracts for non-unionized employees to identify personnel-related matters to be addressed as part of the transition of management responsibilities, including but not limited to the harmonization of wage rates and benefits coverage, notice periods and other rules relating to successor employer situations.
4. The transition of GSHC functions and personnel to the City to be completed on a phased, function-by-function basis, with one function being integrated before commencing integration on others.
5. The establishment of a reporting framework to Council on the overall transition progress.
6. The development of a post-transition analysis of benefits arising from the transition and issues experienced.



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