

# Directive

## Directive: Risk Assessment of Non-Profit/Co-operative Housing Providers

<b>Issue Date:</b>	May 1, 2023	<b>Directive No.:</b>	DIR2023-08
<b>Revision Date:</b>		<b>Revision No.:</b>	

**Applicable Policy:** HDPOL21 Risk Assessment of Non-Profit/ Co-operative Housing Providers

**Type:** Legislative/Operational

*The policies and procedures in this Directive are to be implemented by Housing Providers/Cooperatives funded by the Municipality under the following programs.*

### Provincial Non-Profit Housing Providers

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Gananoque Family Housing                      | <input checked="" type="checkbox"/> Gananoque Housing Inc.                           |
| <input checked="" type="checkbox"/> Legion Village 96 Seniors Residence           | <input checked="" type="checkbox"/> Twp. of Bastard & South Burgess Housing Corp.    |
| <input checked="" type="checkbox"/> Brockville Municipal Non-Profit Housing Corp. | <input checked="" type="checkbox"/> South Crosby Non-Profit Housing Corp. – Pineview |

### Federal/Provincial Cooperative Housing

- Shepherds Green Cooperative Homes Inc.

### Housing Providers with Rent Geared-to-Income Service Agreements

- Athens & District Non-Profit Housing (RGI Service Agreement)
- Gananoque Housing Inc. (RGI Service Agreement)
- Marguerita Residence Corp. (RGI Service Agreement)
- South Crosby Non-Profit Housing Corp. - Rideau Lakes Apartments (RGI Service Agreement)
- Rent Supplement Program, including Housing Providers with expired Federal Operating Agreements

### Other Housing Providers

- Leeds Grenville Housing Department

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### Directive: Over Housed

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## BACKGROUND

As the Service Manager for social housing in Leeds and Grenville, the United Counties is responsible for the continued viability of non-profit housing providers. To manage the Counties overarching responsibility, a Non-Profit/Co-operative Housing Provider risk assessment process has been developed using the information from a board questionnaire, and the Annual Information Return (AIR), to identify projects that may be at risk of experiencing a triggering event, and/or suffering major financial loss and becoming a project in difficulty (PID).

Following the risk assessment, an operational review is conducted where the Service Manager assesses housing provider's compliance with legislation and supporting regulatory requirements, as well as to encourage "best practices" in social housing management. A four year Operational Review cycle has been established, including the use of a Board questionnaire mid-cycle to allow for earlier detection of serious issues, including financial instability, as well as to place a greater emphasis on board governance and accountability. The review process will also allow the Counties to identify issues and trends for training and education purposes.

## PURPOSE

A risk assessment and operational review of housing providers in receipt of subsidy from the United Counties of Leeds and Grenville will be performed so as to:

- 1) Identify projects that may be at risk of a triggering event, and/or suffering major financial loss and becoming a project in difficulty (PID)
- 2) Verify compliance with legislation and local directives
- 3) Encourage good business practices
- 4) Build capacity and sustainability in providers and the sector

## ACTION TO BE TAKEN

Please review the attached "Risk Assessment of Non-Profit/Cooperative Housing Providers Policy HDPOL21 (Appendix A) and the below procedure.

### Procedure

#### Determination of Risk Rating for Operational Review:

1. The Service Manager will identify the area(s) within the Operational Review (Appendix B) to include in the Risk Assessment Questionnaire. The Service Manager may or may not include areas that were included in the prior Risk Assessment Questionnaire.

NOTE: A Risk Assessment Questionnaire scoring tool will be created from the identified areas included in the questionnaire.

2. A Risk Assessment Questionnaire is forwarded to the non-profit/co-operative housing provider board every two years to determine the provider's risk rating. The Risk

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**ACTION TO BE TAKEN**

Assessment Questionnaire Completion Letter (Appendix C) will be sent, the board will have eight weeks to complete and return the questionnaire to the Service Manager. A Risk Assessment Questionnaire Reminder letter (Appendix D) will be sent to the board if the questionnaire is not returned.

3. The Housing Manager will determine next steps where the provider fails to return the questionnaire within established timelines identified in the Risk Assessment Questionnaire Reminder letter (Appendix D).
4. The Policy and Program Review Analyst will review the received questionnaire and assign a risk rating based on a scoring tool for the review period.
5. In consultation with service management staff, using information from the Annual Information Return (AIR) and the risk rating, as per the Risk Assessment of Non-Profit/Co-operative Housing Providers Policy HDPOL21, the non-profit/co-operative housing provider will be notified in writing the outcome (Appendix E – Risk Assessment Outcome Letter) within 60 days receipt of the returned questionnaire.
6. The results of the non-profit risk assessment will determine the review cycle as outlined in the policy.

**On-Site Review is Scheduled:**

1. Taking into consideration the risk rating from the Risk Assessment Questionnaire, information contained within the AIRs, the Housing Manager will determine the review type in consultation with the service management team (i.e. full review, minimum review, targeted review or emergency review).
2. When an on-site visit is scheduled, a notification letter is sent including a list of documentation to be made readily available for review. A minimum of 30 days' notice will be provided to the non-profit provider.
3. The Policy and Program Review Analyst will attend the housing project and conduct the file review using the Operational Review Tool. Other appropriate staff with required expertise (e.g. Financial Analyst, Technical Coordinator) may also attend the housing property to assist in the operational review, as required.
4. A site inspection of the portfolio's building(s) and properties will be completed using technical staff where possible, to provide a snapshot of the maintenance and capital works efforts and standards of the provider. This technical review will identify critical capital spending issues and the sustainability of reserves.

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**ACTION TO BE TAKEN**

**Completion of the Operational Review Report:**

5. The Policy and Program Review Analyst will endeavor to complete a draft report within 30 days of the site visit, any delays to the completion of a draft report will be reviewed with the Housing Manager.
6. Internal review and approval of the draft report:
  - a) The draft report will be reviewed internally by the Housing Manager.
  - b) Any serious compliance concerns, including triggering events listed in the HSA, will be discussed by the service management team (Housing Manager, Finance Manager, Director) before communication of the findings to the provider board or staff.
7. As per *Housing Services Act, 2011*, s. 82 (6), within 60 days of the operational review the draft report is sent to the board chair, with opportunity to update and respond to findings and directions or recommendations. The board will have 30 days to respond to the draft report before it is finalized.
8. Upon receipt of the board response, an update is assessed and incorporated into the report.
9. The Final Report will include:
  - a) The Risk Assessment questionnaire scoring results, full operational review, board responses, and a summary in the covering letter of outstanding issues, directions and recommendations.
  - b) Clear and consistent direction to comply (must-do actions, with deadlines and consequences for not meeting them).
  - c) Recommendations to come into compliance with other legislation governing the provider as building owner, employer and other roles.
10. The final report will be forwarded to the Housing Manager and Director for approval. Upon approval, the final report is forwarded to the Board Chair.
11. The Housing Manager will provide an annual report to the Director, Human Service Division, of risk assessment and operational review activity.

**Follow-up on the Operational Review:**

1. Follow-up actions by the provider and the service manager are tracked and assessed on a regular basis; any remedial action is approved by the service management team.
2. Follow-up communication will be provided to the Board Chair as required.

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### ACTION TO BE TAKEN

### REFERENCE

- A.... Risk Assessment of Non-Profit/Cooperative Housing Providers Policy HDPOL21
- B..... Operational Review Report Outline
- C.....Risk Assessment Questionnaire Completion Letter
- D.....Risk Assessment Questionnaire Reminder letter
- E.....Risk Assessment Outcome Letter

### LEGISLATION

*Housing Services Act, 2011, s17 (5), 68. (1 -2), 69. (2), (4), 70, 71 (1 -4), 75 (1), 79 (1), 80 (1-4), 81 (1-3), 82 – 100,*

*Municipal Freedom of Information and Protection of Privacy Act*

If you have any questions, please contact the following:

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May 8, 2023

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**Date**