Subject: Niagara Regional Housing Alternative Service Delivery: Model and Implementation Plan Recommendations

Report to: Regional Council

Report date: Thursday, August 15, 2019

Recommendations

That this report **BE RECEIVED** for information.

Key Facts

- On October 4, 2018, Regional Council approved, in principle, the 'hybrid model' for social housing as outlined in COM 22-2018 and directed staff to develop an implementation plan to be presented to Council for approval prior to embarking on any organizational change.
- On February 28, 2019, Council confirmed the membership for a Joint Taskforce with two members of Council and two members of the Niagara Regional Housing (NRH) Board to provide input into the development of an implementation plan.
- In December 2018, a Business Improvement Manager from the Internal Control and Organizational Performance (ICOP) Department was engaged to build an implementation plan for the hybrid model. This work included a number of facilitated engagements with staff and leadership from both NRH and Community Services in order to develop a vision for future state service delivery under the hybrid model. From this analysis, five priority areas were identified for service delivery improvements.
- Using the service priorities identified above, the staff Steering Committee was tasked with developing an organizational structure for the hybrid model. The Committee experienced challenges in reaching consensus for an organizational structure that aligned with the hybrid model and supported all stated service priorities. The Committee also acknowledged, through SWOT analysis of different model options, that the current status quo model cannot easily address the objectives or service priorities outlined throughout the process.
- Presented to both NRH Board and Joint Taskforce was the full integration model, that integrates staff from NRH into Community Services, maximizes opportunities to optimize service to clients and providers and improves outcomes for the system as a whole. The full integration model also addresses the identified challenges with the status quo and hybrid models as identified through staff's analysis.
- The recommended governance model will transition the administration of the Service Manager responsibilities, once delegated to NRH, back in to Niagara Region. The NRH Corporation and its board will continue to provide governance, oversight and financial management of the owned units and supporting future development of

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Niagara's owned stock, with associated staffing resources provided through a shared service agreement with Community Services, Niagara Region.

- In addition to presentations provided by project staff to the Joint Taskforce and NRH Board, NRH senior leadership submitted a report to the Board supporting the project recommendations for a fully integrated model (see CAO 10-2019 Appendix H: NRH 11-2019). Support for the model was obtained from both the Taskforce and NRH Board as a result of these engagements.

- Based on an endorsement of NRH and Community Services Staff, the NRH Board and Joint Taskforce, staff will be providing the following motions for Council consideration at the September 2019 Council Meeting;
    1. That Council **APPROVE** the implementation plan for the "fully integrated model" as the preferred model for Niagara's delivery of social housing, over the previously considered "hybrid model" with a target implementation date of January 1, 2020.
    2. That Niagara Region staff, upon approval of this model by Council, **BE DIRECTED** to **INITIATE** implementation plans including a human resources transition plan and draft revisions to legal agreements through a team approach led by Niagara Regional Housing's CEO and Niagara Region's Commissioner of Community Services who will seek input from and provide direction to Niagara Region's human resources staff and Legal Counsel as well as such other staff as required for the preparation of the required plans, revisions and agreements.
    3. That the human resources transition plan and form of revised legal documentation be **RETURNED** to the NRH Board of Directors and Council for final approval prior to implementation.

Financial Considerations

Implementation of the full integration model is believed to be relatively **cost neutral**.

Staffing Costs

Wages	Full Integration
Current Salary Under NRH	$3,851,428.91
Estimated New Salary	$3,707,249.81
Model Savings (excluding implementation costs)	$144,179.10
Additional Implementation Costs Year 1 (2019)	$163,322.81
Additional Year 1 Costs	$19,143.71

The full integration model could result in estimated salary savings of $144,179 if no implementation costs (red circling) are considered. Incorporating estimated implementation costs into the full integration model would result in an overall anticipated cost of $19,143 in year one.

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Salary and implementation costs would be accommodated within the existing approved budget envelope for personnel costs.

Other Financial Considerations:

The transition of NRH staff to the new governance model is intended to preserve appropriate decision making in each entity and be a cost neutral exercise with no additional levy impact to the taxpayer. Any financial considerations relating to the future service optimization to align with Regional service standards will be considered as part of future budget considerations

Other financial considerations to be included in the implementation plan under the governance model changes are as follows:

- Ensuring the NRH budget ($64.4 million gross and $35.4 million net for 2019, including indirect allocations) is allocated appropriately between entities (owned unit costs vs. program related costs). Also recognizing that under the fully integrated model, all labour related budgets are moved to Niagara Region.
- Identifying assets, liabilities and reserve balances distribution with NRH and those which will be transferred to Niagara Region

Analysis

Process and Methodology of this project:

An objective process, based on sound management principles and Lean Six Sigma methodology, was followed that ensured engagement and transparency were prioritized at all points in the project work.

Staff Engagement: A leadership and staff engagement plan, and project communications plan was established and executed.

Needs of the Customer: A traditional stakeholder analysis was completed. Direct service recipients and providers were identified to be key stakeholders.

Three Day Workshop: Additional staff were engaged to understand current operations, determine priorities for integration and envision a future state for the hybrid model. Captured in CAO 10-2019 Appendix A: Client Path – Current State Status Quo, is the client experience in navigating through service as it exists today.

Measurement Matrix Development: A number of measures were identified and a project measurement matrix was created to determine the success of the transition from the current model to the new model.

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Joint Taskforce: The Joint Taskforce, comprised of two Council representatives and two NRH Board members, provided feedback, insights and observations related to the development process of the implementation plan. This included reviewing the proposed framework to develop the plan, and reviewing summaries of work or project updates completed by the Steering Committee. The Joint Taskforce was presented with a summary of the project work, analysis and recommendations. On June 14, 2019 they endorsed the full integration model and directed the recommendations to then go through the NRH Board and then Council for approval.

NRH Board: The NRH Board was presented with the same summary of the project as was provided to the Joint Taskforce along with a report from NRH senior leadership which declared support for the full integration model. The NRH Board, on July 19, 2019, endorsed the model and supported next steps for recommendations to be presented to Council, through a motion at the NRH Board meeting (CAO 10-2019 Appendix H: NRH 11-2019).

Priority areas that were the focus of model design:

Through the staff engagement initiatives and project workshops, five service priority areas were identified for service delivery, and optimization, as well as alignment with current government policy. Below is a summary of these five priority areas and a review of how they connect to relevant service policy.

1. **Streamline Information Sharing**
   - Share client information across services to streamline eligibility decision-making for income-tested programs and simplify service access
   - Share data to help inform human services system design and planning

Policy Rationale: The streamlining of information sharing to simplify service access for clients is supported through the provincial *Human Services Integration Office*.

2. **Determine System-Level Service Priorities**
   - Use collective data to align, manage and improve services with client needs across the continuum of the human services system
   - Use data to understand opportunities which offer the greatest return on investment within budget allocation
   - Enhance proactive and preventative approaches to reduce reliance on emergency/crisis and social services – supporting housing stability, income independence, employment and health
   - Use collective data and efforts to maintain current housing assets and increase housing supply

Policy Rationale: Integration of housing and homelessness planning and delivery as expanded in the *Ontario Housing Policy Statement* and *Auditor General's Report on social and affordable housing.*

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3. Coordinate Services
- Consistent with provincial direction, provide the right service to the right person at the right time, based on client needs
- Offer services to mitigate the impact of lengthy wait times for housing
- Maximize staff resources across services (e.g. intake, eligibility review, etc.)

Policy Rationale: Integrates municipal waitlists for access in a modernized system in alignment with the province's *Long-Term Affordable Housing Strategy* and supporting tenants to become economically self-sufficient based on the province's *Community Housing Renewal Strategy*.

4. Provide Safe and Affordable Housing
- Ensure consistent and effective support services are offered to clients, housing providers and landlords
- Use data to understand housing need in Niagara and focus investment to increase housing stock where we need it most
- Be innovative in addressing immediate housing needs

Policy Rationale: Offers support and alignment with recommendations in the *National Housing Strategy* & *More Homes, More Choices Act*

5. Ensure Positive Staff Culture
- Streamline roles to ensure maximization of available human resources
- Provide opportunities for learning and professional development

Ensure an engaged and highly-skilled workforce through any planned organizational change.

Alternatives Reviewed

All two-tier municipalities in Ontario were surveyed to further understand the level of structural integration of staff who deliver their housing services, homelessness services and the residential property and asset management of their Regionally-owned stock. **All regional municipalities indicate that they have fully-integrated service delivery models in place** (see CAO 10-2019 Appendix B: Environmental Scan of Service Delivery).

Across comparators, Regional staff within Community/Human Services Departments deliver both housing and homelessness services (among other service manager responsibilities). Furthermore, Regional staff manage the property and assets of Regionally-owned stock. Across municipalities, these staff sit either within the Human/Community Services Department or the Corporate Facilities/Asset Management

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Department. It should also be noted that many single tier municipalities have also moved to fully integrated models.

What is the Hybrid Model?

The hybrid model (see CAO 10-2019 Appendix C: Organizational Structures of the Hybrid Model) involves NRH retaining the responsibility and associated staff for the property and asset management of the public housing portfolio (Housing Operations Division) and the Community Resource Unit (community programs and eviction prevention). The Housing Programs Division, which administers the Service Manager responsibilities, would be transferred to Community Services.

Why NOT Hybrid?

Using the service priorities identified above, the Steering Committee was tasked with developing an organizational structure for the hybrid model. The Committee experienced challenges in reaching consensus for an organizational structure that aligned with the hybrid model and supported all stated service priorities. Staff found that the model continued to be dependent on negotiated relationships between NRH and Community Services staff, and would again be limited by rules of data sharing and information privacy. Staff felt that the hybrid model would diminish the unique and valued relationships between the Housing Programs and Housing Operations teams.

During engagement of staff, ICOP identified that NRH staff strongly believed that the Service Manager staff should not be separated from Housing Operations. NRH staff expressed this through a desire to "remain whole", however the Committee also acknowledged that the current status quo model would not address the objectives or service priorities outlined early in the process.

Key weaknesses in the hybrid model, identified by staff during a SWOT analysis of all models considered (see CAO 10-2019 Appendix D: SWOT Analysis), include:

- **Policy**: The potential for Service Manager policy to be "too removed" from the experience of Housing Operations.
- **Providers**: Capital supports to providers may be impacted should Housing Operations remain separate from other supports provided by the Service Manager.
- **Change Management**: Significant change management is required to transition to the hybrid model, including: ensuring dual access to the same database; dividing and transferring of budget; determining the allocation of staff who fulfil roles as both the Service Manager and within Housing Operations; determining new service delivery processes; etc.

Further to staff's request, and in recognition that many municipalities have now moved beyond the hybrid model to full integration, a discussion was initiated with executive

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leadership to explore the possibility of a fully-integrated service model which would offer greater benefits of service integration offered within the hybrid model and address the gaps identified above.

Recommendation: Full Integration

What is full integration?

A fully-integrated service model includes integrating the staff of housing and homelessness services (i.e. realigning all Service Manager functions), in addition to property and asset management staff, together under Niagara Region Community Services (see CAO 10-2019 Appendix E: Organizational Structure for Full Integration Model).

This means that all of NRH staff becomes Regional staff (i.e. within Community Services), and there are no staff directly employed by the housing corporation, NRH.

Niagara Region would reassume the administration of the Service Manager, and NRH would continue to exist as a corporation that holds, develops and manages the assets of Regionally-owned housing stock, supported by staff supplied by Niagara Region through a service sharing agreement (similar to what currently is provided for Finance, HR and IT support). This is a structure found in many Ontario municipalities including all upper-tier municipalities.

In the model proposed, the current CEO of NRH would serve as the Director of Housing within the Community Services Department and, in their appointed role for the housing corporation, continue as the CEO of NRH.

In the fully-integrated model the current Managers of NRH (Manager of Housing Operations, Manager of Housing Programs and Manager of the Community Resource Unit) and their teams would continue to report through the NRH CEO/Director of Housing. Again, in order to maintain the unique and valued relationship between Niagara's Housing Service Manager staff and Housing Operations, it is recommended that Housing Operations move into Community Services with the rest of the former NRH divisions. Property and asset management is not a new service area to Community Services. Within the Department, property and asset management staff already exist to serve Seniors' Services eight long-term care homes. By keeping the former divisions 'whole', the NRH senior leadership team believes they can benefit from the wide array of support services offered across the Department (including Social Assistance & Employment Opportunities, and Seniors' Community Programs) to prevent eviction and offer support to tenants, effectively share data to maximize integration benefits to clients and leverage expertise to continue to support the housing provider community.

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Why did staff consider full integration?

Full integration maximizes opportunities to optimize service to clients, providers and the system as a whole, and addresses potential challenges with the hybrid model, such as:

<u>**Access to technology and information**</u>: Under the hybrid model, determining logistics of access and information security rights is a complex and difficult task and streamlined information sharing across programs remains challenging, as is currently the case between client data systems between NRH and the Region.

In the fully integrated model, as supported by information gathered from other municipalities, there would be **greater flexibility to share information and data across staff within Community Services, and between departments at Niagara Region**. Also, access to software is less complex in that all staff belong to the same department under the same corporation, offering a range of services to a full complement of clients throughout their service journey.

<u>**Establish system-level service priorities and offer coordinated services to clients**</u>: With the goal of creating system-level service priorities and offering coordinated services to clients, the fully-integrated model provides a streamlined and simplified path.

A fully-integrated service model expands the understanding of the community's housing needs beyond the housing waitlist, further allowing Community Services to develop strategic departmental goals and determine global budget allocation. The client needs can be understood holistically, and program budgets are determined based on the most effective deployment of resources. This **recognizes a client path that encompasses the entire continuum of human services**, and best ensures the right service to the right person at the right time. Full integration also **allows for the nimble mobilization of personnel** across program areas where shared service requirements exist (i.e. eligibility review, intake, eviction prevention, program graduation and appeals) and provides opportunity to leverage situations where shared funding envelopes exist to maximize the use of available funding (i.e. Ontario Priorities Housing Initiative).

<u>**Provide safe and affordable housing**</u>: Having system-level data and coordinated planning as discussed above will allow for the **identification of where the greatest need exists across the housing continuum and how to supply the right kind of housing development to meet these needs**. This includes aligning investments in housing with the best opportunities to increase housing supply. Integrated system management can leverage efforts across multiple program areas including Housing, Community Services, Finance, Planning etc. (e.g. alignment with the Housing and Homelessness Action Plan and the Region's Official Plan).

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Under the hybrid model, strategy would remain divided between Community Services and NRH and managed to some degree in isolation from one another. Under the full integration model, connections will be maintained through the departmental organizational structure and reporting relationships, allowing **skills to be leveraged across teams** (SAEO, Seniors Community Programs, Homelessness, Housing Programs, Housing Operations and Asset Management and Community Resource Supports). It also provides a direct link to other subject matter expertise within Niagara Region such as Planning, Asset Management and Economic Development to facilitate strategic investment in housing supply as mentioned above.

The value of safe and affordable housing extends beyond the individual household by building strong, healthy communities through: improved health, educational and social outcomes for individuals; maximizing the use of public dollars by reducing demand for public services, and; producing economic benefits through local job creation.

Full integration can also benefit from **strong governance** aligning Council strategic direction, investment, and NRH Board leadership in a coordinated effort, facilitated by staff who work directly with and for both governance entities.

Governance Model

Many other municipalities with full integration have maintained a Local Housing Corporation (LHC) formed pursuant to the predecessor statute (Social Housing Reform, 2000) to the *Housing Services Act.* LHCs are share capital corporations with, typically, the Service Manager as sole shareholder. An industry review of governance models across the province can be found in Appendix F: Environmental Scan of Local Housing Corporations.

In examining the governance models of local housing corporations owned by other Regional municipalities:
- **All indicate that their LHCs are a corporation with oversight by a Board of Directors** (most commonly composed of elected Regional Councillors).
- **Specific senior leadership are identified to serve dual roles for the Regional corporation and as officers of the local housing corporation** (see CAO 10-2019 Appendix F: Environmental Scan of Local Housing Corporations).

If approved, staff will work with Legal Counsel to develop a new agreement and identify specific Regional positions to hold dual roles with NRH.

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For example:

Regional Appointees to Niagara Regional Housing Officer Positions	
Director, Housing	Chief Executive Officer, Niagara Regional Housing
Director, Financial Services	Chief Financial Officer, Niagara Regional Housing
Regional Clerk	Secretary, Niagara Regional Housing
Director, Legal and Court Services	Solicitor, Niagara Regional Housing

It is important to note the proposed changes to the corporate officer positions will have no impact on the existing Board of Directors.

The current arrangement between Niagara Region and NRH is based on a number of legal agreements including an Operating Agreement and a Shared Services Agreement. Revisions to the agreements to accommodate this new model will address the roles and responsibilities of Niagara Region and NRH.

Ensuring Providers have a Voice

To increase participation and amplify the voice of the NRH Housing Provider Advisory Committee (PAC) within the Region and through the work of Niagara's 10-Year Housing and Homelessness Action Plan (*A Home for All*), as well as the broader housing and homelessness system the following changes would be made under this model:

- The PAC would be provided status as a working group within *A Home For All*, with the PAC chair participating on the *A Home for All* Task Force along with other working group chairs.
- Revised Terms of Reference would be developed for the PAC to reflect its mandate, accountability, and responsibilities within the Action Plan, and its relationship to the service manager and Public Health and Social Services Committee.

Implementation of the fully integrated model

A comprehensive implementation plan for the full integration model has been drafted by staff and outlined in CAO 10-2019 Appendix G: Implementation Plan.

Relationship to Council Strategic Priorities

Not applicable (pending the development of Council's new strategic priorities)

Other Pertinent Reports

- CSD 14-2018 - Alternative Service Delivery Social Housing

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- COM 22-2018 - Staff Report on the Proposed Hybrid Model within the Alternative Service Delivery Review of Social Housing
- COM 26-2018 - Follow-up Joint Staff Report on the Proposed Hybrid Model within the Alternative Service Delivery Review of Social Housing
- COM 9-2019 - Request to Establish the Hybrid Model Implementation Plan Joint Taskforce
- NRH 11–2019 – ASD Recommendation
- NRH Report 19-183-3.2 – Service Integration Implementation Plan

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Appendices

Title

Appendix A: Client Path – Current State Status Quo
Appendix B: Environmental Scan of Service Delivery
Appendix C: Organizational Structures of the Hybrid Model
Appendix D: SWOT Analysis
Appendix E: Organizational Structure for Full Integration Model
Appendix F: Environmental Scan of Local Housing Corporations
Appendix G: Implementation Plan
Appendix H: NRH 11-2019