



Council Report

Report Number CAO2020-008

Meeting Date: December 15, 2020

Title: KLH Housing – Governance & Operations Review and Recommendations

Author and Title: Ron Taylor, CAO

Recommendation(s):

That Report CAO2020-008 “KLH Housing – Governance & Operations Review and Recommendations”, be received;

That the recommendations included in Appendix A, and as summarized in Table 1 of Report CAO2020-008 be approved; and

That the CAO be authorized to lead the implementation of those recommendations identified in Table 2 of Report CAO2020-008 within the timelines identified.

Department Head: _____

Financial/Legal/HR/Other: _____

Chief Administrative Officer: _____

Background:

The following resolution was adopted by the KLH Housing Corp Board of Directors at their regular meetings as noted below:

During the March 4, 2020 regular meeting, the following resolution was adopted:

Report 2020-008 Governance and Operation Review

Moved by Dana Bowman, seconded by Fay Martin

Resolved That Report 2020-008, “Governance and Operation Review”, be received;

That the review outlined in Report 2020-008 is supported; and

That the CEO be directed to present the proposed review to the City’s CAO, including a request for funding, as outlined in Attachment A, and report back to the Board at the June meeting.

Carried 2020-019

The request to the CAO was approved and subsequently Housing Services Corporation was engaged to complete the project. The final report of this project is included as Appendix A.

Rationale:

This review is anchored by the KLH Housing Corporation’s 10-year strategic plan; vision, mission and values, and commitments. The Strategic Plan also identified five key priorities to enable the Corporation to achieve its vision.

It is within the strategic priority “Investing in our people” that HSC was retained to undertake a governance and operational review of KLH Housing to ensure that the Corporation was best positioned to achieve these priorities. As the Corporation positions itself for growth, it wishes to ensure that it has the corporate and leadership structure best suited to support that growth.

The scope of work focused on three areas; Corporate, Governance and Operations. For each element, HSC reviewed the current structure, considered current best practices and identified opportunities for better alignment with the strategic priorities.

The report, included as Appendix A, details the methodology, findings and recommendations. A summary of the recommendations is listed in Table 1.

Table 1: Summary of Recommendations	
1	Corporate structure alignment: Retain the current corporate legal structure of KLH Housing.
2	Access to debt: It is recommended that the City and the Corporation pursue further work on identifying a debt management strategy for the Corporation.
3	County as shareholder: Investigate and engage with the County to assess whether naming the County as a shareholder will allow increased debt capacity.
4	Reinforcing Board member diversification (1): Modify Board composition requirements to dedicate two (2) of the six (6) public Board positions for a tenants; one from the Kawartha Lakes and one from the County of Haliburton.
5	Reinforcing Board member diversification (2): Modify Board composition requirements so that priority be given to qualified individuals that are not City or County Council representatives when filling Board vacancies for the area-resident positions.
6	Purchased services agreement: The Corporation should consider developing a purchased services agreement with the City to govern the provision of City staff and other resources to Corporation.
7	Shareholder direction: The City and Board should work together to establish some guiding principles on how both currently operate. These should form the basis of an initial shareholder direction, which could be established in the short term.
8	Update governance policies: The Corporation should update its existing governance policies, as necessary, to ensure that there are no inconsistencies between existing policies and the City's shareholder direction (should one be issued).
9	Dual Housing Manager/CEO role: Split the CEO (KLH Housing) and Housing Manager (City) roles into two positions.
10	Succession planning: The development of a fulsome CEO Transition Plan is essential to ensure business and leadership continuity.
11	Talent management: KLH Housing should proactively plan for future leadership changes through formalized leadership development planning.
12	Human resources understanding of housing operations: Time should be invested between human resources, KLH Housing and the City's Housing Services staff to increase the understanding of the unique nature of housing operations and the role that housing staff play working directly with the complex needs of vulnerable residents.

Table 2 is a summary of the actions required to implement recommendations, requested outcomes and targeted deadlines.

Table 2 – Outcomes and Timelines			
Action	Receiving Body	Requested Outcome	Timeline/Deadline
Draft Final Report	Project Team	Feedback	November 19, 2020
HSC Presentation of the Governance & Operational Review Final Report	KLH Housing Corp Board of Directors	<ol style="list-style-type: none"> 1. Approval 2. Request to the Shareholder 	December 2, 2020
HSC Presentation of the Governance & Operational Review Final Report	KLH Housing Corp Shareholder	<ol style="list-style-type: none"> 1. Approval 2. Delegation to KLH CEO to lead implementation of the following: <ul style="list-style-type: none"> • #4 and 5 Reinforcing Board Member Diversification • #8 Update Governance Policies 3. Request to KL Council 	December 15, 2020
Report from Kawartha Lakes CAO presenting the Governance & Operational Review Final Report – Recommendations	KL Council	Delegation to KL CAO to lead implementation of the following recommendations: #2 Access to Debt #3 County as Shareholder #6 Purchased services agreement #7 Shareholder Direction #9 Dual Housing Manager/CEO Role split #10 Succession Planning	December 15, 2020

Table 2 – Outcomes and Timelines			
Action	Receiving Body	Requested Outcome	Timeline/Deadline
		#11 Talent Management Plan #12 Human Resources Understanding of Housing Operations	
Recommendations: #4 and 5 Reinforcing Board Member Diversification #8 Update Governance Policies	KLH CEO	Recommendations implemented	Q2 2021
Recommendations: #9 Dual Housing Manager/CEO Role split #10 Succession Planning	KL CAO	Recommendations implemented	January 31, 2021
Recommendations: #2 Access to Debt #3 County as Shareholder #6 Purchased services agreement #7 Shareholder Direction	KL CAO	Recommendations implemented	Q2 2021
Recommendations: #11 Talent Management Plan #12 Human Resources Understanding of Housing Operations	KL CAO	Recommendations Implemented	Q4 2021

During the KLH Housing Corporation regular meeting on December 2, 2020, the following resolution was adopted:

Moved by Doug Elmslie, seconded by Dana Bowman

Resolved That item #4 of Table 1 Summary of Recommendations, be amended to dedicate two (2) of the six (6) public Board positions for tenants, one from Haliburton County and one from Kawartha Lakes.

Moved by Fay Martin, seconded by Jody Curry

Resolved That Report 2020-021, “Governance and Operational Review Report and Recommendations”, be received;

That the recommendations included in Attachment A to Report 2020-021; as summarized in Table 1 be approved as amended;

That the outcomes and timelines detailed in Table 2 of Report 2020-021 be approved;

That the report and recommendations be presented to the Shareholder at the Annual General Meeting on December 15, 2020; and

That the CEO report back to the Board on the progress of the implementation.

Carried 2020-061

The Board discussed three of the recommendations during the December 2nd meeting:

- Recommendation #5 - Reinforcing Board member diversification (1): There was concern that councilors of the four local County municipalities were included. Clarification that the recommendation pertains only to the County Councilors relieved this concern and no changes were made.
- Recommendation #6 - Reinforcing Board member diversification (2): The Board felt that two tenants should be considered, one from Kawartha Lakes and one from the County in order to bring the perspectives of the two, very different, geographical areas. This change was made to the recommendations and the report.
- Recommendation #9 - Dual Housing Manager/CEO role: There were questions related to how this additional position would be funded. It was clarified that the recommendation to fund this position for 2021 and possibly 2022 would be from a reserve and then it would be tax supported starting in 2023.

There were also concerns raised as to whether two full-time positions were warranted and if other scenarios or solutions were explored. It was clarified that several other options were considered however each resulted in another position being created. Each of these different scenarios were fully explored through the Project Team, with the dual Housing Manager/CEO role being recommended.

The position as currently structured requires several skill sets which would be difficult to recruit for. The current incumbent has grown into this role, expanding skills as required, but has had to juggle and prioritize KLH Housing and Service Manager priorities. The extent of the responsibilities for this role require the current incumbent to work well beyond regular hours of work.

Both KLH Housing and the Service Manager are in stages of significant change and growth, and there are advantages to independent leadership for each organization, including, but not limited to:

- a. autonomy;
- b. removal of the perceived conflict situation in allocating funding;
- c. more of a development ready focus for KLH Housing Corp;
- d. greater focus on City budgets and service agreements for the Service Manager; and
- e. greater oversight of the staff specifically working in each area organization.

The overall intent of this review was to ensure that KLH Housing is in a position to achieve its very aggressive but necessary 10-year strategic plan.

As the Service Manager, there is significant provincial legislative changes occurring as well as an aggressive and necessary new 10-year Housing & Homelessness Plan, Housing Master Plan and Housing Asset Management Plan.

Other Alternatives Considered:

Alternatives are referenced within the Governance and Operational Review Report.

Alignment to Strategic Priorities

This report aligns with the following strategic priorities:

- An Exceptional Quality of Life
- Good Government

Financial/Operation Impacts:

The expenses related to this project and the implementation of the recommendations will be funded through various means:

Position changes related to splitting the CEO (KLH Housing) and Housing Manager (City) roles into two positions – These changes are being incorporated into the operating budget as a CKL expense. The recommendation is to fund from the Housing Staffing Reserve in 2021 and 2022 with the expense in 2023 becoming tax supported. There is currently \$216,282.75 in this reserve which was established in 2001 to assist with items of this nature.

Legal Expenses related to Agreements and potential shareholder changes – The recommendation is to fund through the CKL Canada Ontario Community Housing Initiative funding.

Consultations:

Housing Services Corporation
Project Team
KLH Housing Corporation Board of Directors
Treasurer

Attachments:

Appendix A KLH Governance and Operations Final Report



HSC KLH Governance
Operational Review -

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