



CHRA CONGRESS SESSIONS SERIES 2016

Increasing Leadership Capacity in
the Non-Profit Housing Sector

By: Kyle Wiebe



BC Housing

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Introduction

Speakers:

Michelle Coombs, Manager, Member Services & **Isaac Coplan**, Coordinator, Education, Ontario Non-Profit Housing Association (ON)

Steve Pomeroy, President, Focus Consulting Inc.

Greg Dewling, CEO, Capital Region Housing Corporation (AB)

Moderator:

Bryan Lutes, CHRA Regional Director, Alberta & President, Wood Buffalo Housing and Development Corporation (AB)

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The non-profit housing sector currently faces a multitude of challenges including declining funding, expiration of operating agreements, ever-changing legislation requirements, and the retirement of long-term board and staff. These changes are forcing the sector to confront questions of how it defines standards, overcomes gaps in knowledge and ensures that a new generation of Board and staff are equipped to succeed in this new environment. Drawing on recent research, practical experience, and current business models, this panel addresses how organizations in the non-profit housing sector can overcome these challenges through increased awareness about the issues and the implementation of creative and incremental change management.

The workshop begins with an introduction of research that explores the current and future competencies of organizations to determine what programing will be beneficial to addressing the sector's concerns. Then, research highlighting best practices in the sector will discuss how certain organizations are overcoming adversity by identifying their strengths and adapting to the new environment. The panel then concludes with a look at CEO-board relations to illustrate how these necessary changes can be implemented while maintaining positive relationships within the organization.

I. The Competency Project

Michelle Coombs, Manager, Member Services & **Isaac Coplan**, Coordinator, Education, Ontario Non-Profit Housing Association (ON)

The Ontario Non-Profit Housing Association (ONPHA) is an independent association working towards establishing vibrant, healthy and diverse communities across Ontario. ONPHA is funded and directed by its 740 member organizations, who play a significant role in Ontario's affordable housing sector as they operate over 160,000 properties in 220 communities throughout the province. To strengthen the sector, ONPHA takes on research, advocacy and professional development activities. Through these activities ONPHA works to enhance the capacity of member organizations to develop and deliver high-quality and affordable housing.

As part of their ongoing support to the affordable housing sector, ONPHA launched *The Competency Project* in 2015. The project, which is the first of its kind in Canada, used qualitative and quantitative research methods to collect information about what housing provider staff believe are current and future competencies, as well as sector and organizational standards. The Competency Project defines competencies in this research as "*the knowledge, skills, abilities, and value-orientation applied through principled actions, and professional behaviour to ensure*

housing excellence for low and medium income tenants." Standards are then defined as the *"shared expectations for performance and quality used to monitor and improve practices in order to deliver excellence in housing."* *The Competency Project's* aim is to identify the competencies and standards important to housing providers in order to better understand the performance expectations organizations aim to achieve.

While responses varied, ONPHA's research found that the most commonly selected standards were **governance, tenant engagement** and **operations**. However, these standards were not always formal benchmarks, as they may have been set or encouraged by service managers internally. This created some concern for respondents, who questioned the authority and expertise of funders to enforce 'best-practices' in the social housing sector.

In order to better understand the strengths and weaknesses of competencies within the sector, respondents were also asked to describe their current competency needs and identify which competencies they anticipated to be most important for the sector in the future. These findings articulate an important message regarding the sector's current behaviour, and where service providers foresee the sector heading.

As identified in a survey of 38 staff in member organizations, the most important competencies for the housing sector *currently* includes **building maintenance, tenant related focuses** and **business**. These results are not surprising since they represent the daily operational activities and core competencies of the sector. However, looking forward, member organizations recognized the sector is changing both operationally and demographically, and that responding to these changes would be at the forefront of their future responsibilities. This sentiment is reflected by three of the most commonly selected anticipated *future* competencies from the survey, which were **adaptability, strategy** and **innovation**.

ONPHA's research shows that the competencies participants thought would be important in the future are occurring at the same time as a demographic shift among member organizations. In a previous Salary Survey conducted by ONPHA, nearly 75% of member organizations' CEOs and property managers were 46-65 years old. This aging population represents the need for the sector to develop innovative, effective and efficient ways of transferring knowledge to emerging employees in the sector. Similarly, one respondent also recognized the need to adapt to the changing expectations of younger employees and the continuing importance of technology. In order to attract young professionals to the sector, this respondent noted that organizations will need to adapt to meet new and young employees work place expectations.

In addition to administering surveys, ONPHA also conducted interviews with a diverse sample of member organization leaders. From these interviews, four broad categories of competencies emerged in the areas of **relational, sector, leadership** and **business transformation**.

- Relational competencies include maintaining rapport with those they provide services for as well as with organizations in the community. This was important for many interviewees, as they are often small organizations that foster an intimate relationship with their clients and community.
- Sector competencies primarily highlighted members' ability to navigate the municipal, provincial and federal legislative processes, and operate within the sector effectively.
- Leadership competencies referred to the knowledge of member's staff and the ability of management to provide innovative and creative solutions to problems.
- Lastly, when participants related business competencies, they cited a range of topics from the tender process to building maintenance and repairs.

The responses gathered in *The Competency Project* by ONPHA indicate that while there are common themes among respondents, each organization has different opportunities and limitations. To better their understanding of these results, ONPHA is currently working on a

secondary analysis and publication. By continuing to disseminate the information collected from the initial project, ONPH hopes to provide research that will be beneficial for the current and future operations of its member organizations, as well as to the social housing sector more broadly.

II. Increasing Leadership Capacity in the Non-Profit Housing Sector

Steve Pomeroy, President, Focus Consulting Inc.

Established in 1994, Focus Consulting Inc. conducts research oriented at housing policy, housing strategy, affordable housing, financial feasibility and market analysis. Since inception, Focus Consulting Inc. has completed over 140 reports for clients including provincial, municipal, and federal ministries and agencies. Drawing on his most recent research and policy expertise, Steve Pomeroy, President of Focus Consulting Inc., offers insight into the evolving context of the non-profit housing sector, and highlights the opportunities and challenges emerging from this change by providing local and international best-practices.

To articulate how the sector is changing, it is necessary to discuss the dominant characteristics of the non-for-profit housing sector. At the moment, one of the most prevalent identities of the social housing sector is that it is a human-service sector largely focused on managing and supporting low-income tenants. In addition to property management and resident services, the sector also has a critical role to play in managing large capital assets. Although the management of these assets is integral, and requires technical experience and competence, this innate role has traditionally taken a back seat to the more commonly emphasized responsibility of tenant services.

Although this particular hierarchy of responsibilities is commonplace in the sector, Pomeroy argues that this ranking is unstable and is contributing to the sector's underperformance. With a maturing housing portfolio and expiring end of operating agreements, many non-profit housing organizations will be required to confront their ability to manage their assets, renew their assets and remain financially feasible.

For these reasons, it is argued that the sector needs to evolve and transform to become more entrepreneurial, disciplined and enhance its skills in financial management. To facilitate this change, the sector needs to re-envision how it operates and focus more on asset management. To highlight how many non-profit housing providers are already making this change, Pomeroy draws on international and local examples gathered during two research projects.

One example demonstrating change in the social housing sector comes from a Focus Consulting Inc.'s report done for Housing Partnerships Canada, a peer based network and business partnership for social housing in Canada. The 2015 report, entitled *Business Transformation – Best Practices for Social and Affordable Housing*, looked at organizations and the work they were doing in the social housing sector. The report, which interviewed 31 organizations, recognizes the sector is not fundamentally transforming, but rather gradually evolving and augmenting its traditional role. These changes are oriented around a few key thematic approaches to organizational growth and capacity development.

One approach is to pinpoint organizational strengths, and leverage these core competencies to generate additional revenue. For example, organizations that excelled in property development were selling their development expertise to other organizations. Similarly, those with strengths in property and financial management were offering such services to other providers as well as to private commercial clients. Their expertise became a revenue-generating source, and the profits were re-invested to cross subsidize their core business in affordable housing.

While some organizations were restructuring around their core competencies, others were focused on innovation strategies. In one example from Vancouver, a social housing organization

built a boutique hotel with an adjoining Aboriginal arts space. These two entities provided additional sources of revenue that were used to subsidize the organization's homeless shelter.

Additional strategies have emerged from creative partnerships with provincial housing providers. For example, in British Columbia, BC Housing is strengthening the non-profit housing sector by transferring provincially owned properties to non-profit housing providers. This has allowed housing providers to leverage economies of scale while supporting better long-term planning and self-sufficiency for the sector. Owning the lands they operate on will help non-profits to secure the financing they need to be sustainable, while net proceeds from the transfers will be reinvested into the construction and renovation of social housing across the province.

Focus Consulting Inc. also draws upon ongoing research it is doing with Calgary's Non-Market Housing Real Estate Strategy, where a collective of providers and sector stakeholders are developing a plan for their existing owned and operated social housing assets, totaling just over 12,000 units. The aim of the project is to develop a non-market real estate strategy to leverage their social housing asset base to potentially re-invest and stretch public funding further. The background work for Calgary looked internationally for best practices. In one example from the Netherlands, the government wrote off all not-for-profit debt, but simultaneously discontinued subsidies. This forced organizations to become more financially disciplined and to operate within the financial revenues generated from their assets.

From these international and local experiences, Focus Consulting Inc. recognizes creative strategies exist for non-for-profit housing providers to adapt to changes within the sector. While each strategy needs to be carefully selected depending on organizations' competence and skills, adapting to change is possible. However, as Pomeroy notes, this change needs to include an emphasis on effective financial management. In doing so, housing providers can ensure a reliable revenue stream, and emulate the ideal of profit for propose.

III. Board-CEO Relations: How to Get the Board to Do Their Job And Not Yours

Greg Dewling, CEO Capital Region Housing Corporation (AB)

Capital Region Housing Corporation (CRHC) is an Edmonton-based housing management body incorporated by ministerial order under the Alberta Housing Act. As a corporation under this act, CRHC's core purpose is to improve the quality of housing in Alberta by providing a continuum of quality housing options and services. In pursuit of this mission, CRHC has helped over 25,000 Albertans live in places they can afford, while owning and operating over 800 buildings across Edmonton. While CRHC has been able to successfully root families in communities for decades, they recognize that continued success is contingent on adapting and changing to clients' needs and the sector.

While structural and organizational change is important, it is not easily achieved. Change requires careful, organized and clear decision-making processes that involve the Board of Directors. As such, this presentation looks at how to facilitate positive board-CEO relationships in order to maintain a healthy organizational environment while also ushering in necessary change through five key ideas.

The first of these ideas is that there should be no surprises for the board when they are hearing a new idea proposed by the CEO. If a board is hearing a new idea for the first time, but it is being presented as a complete plan, it can be overwhelming. Instead, a more effective strategy to proposing change includes getting boards to approve pilot or exploratory projects. These projects are more likely to gain traction as they are more manageable and their success can generate continued support. It is also important to remind boards of the strategic context

behind an idea and how it relates to the organization's mission. Bridging this gap between actions and objective provides clarity and rationale for supporting the idea.

The second way to promote board-CEO relations is to normalize governance versus operational discussions. Operational decisions should be made without the board, and bringing these issues to them only hinders meetings with fruitless discussion. Instead, it is important for CEOs and boards to discuss and determine whether issues are related to governance or operations, and focus only on the former. Normalizing governance can also be improved by consulting an outside expert, allowing CEOs to re-introduce old ideas with a fresh face. This can provide board members with the opportunity to fulfill their governance role by approving changes, and foster a sense of self-discovery and determination at the board level.

For CEOs to maintain positive relationships with the board it is also important that CEOs ask good questions. Good questions are those that focus on the organization's future strategy rather than daily operations. If CEOs pose operational questions, they run the risk of being informally bound to act in accordance to those answers because of the power dynamics. If this happens then boards are de facto running the organization's operations rather than concentrating on fundamental governance issues. Instead, good questions are ones that allow boards to arrive at answers on their own. These types of questions empower the board and naturally gain their support as they are self-derived.

Fourth, CEOs need to leverage the expertise that exists on the board. Board members join a board because they have an affinity for the values and mission of the organization. By engaging with board members one-on-one, CEOs can increase their level of expertise through informed conversation. This will not only make board members more engaged, but also allows the CEO to gain an understanding about board members, and how they see the issues facing the sector.

Lastly, to ensure a positive relationship, CEOs need to come to meetings prepared to make recommendations. CEOs hold their position because they are expected to be an expert, and boards rely on the professionals they hire. The board expects CEOs to do the analysis, look at the options, and present the best strategy moving forward. If CEOs are ill prepared to make these recommendations, then they will disappoint the expectations of the board, and not serve their intended purpose.

By adhering to these simple suggestions, CEOs can help facilitate a positive relationship with boards, while also ensuring that each is fulfilling their own mandated responsibilities, rather than the others. This will allow CEOs to focus on providing the operational expertise they were hired to contribute, and allow boards to address issues of governance. In doing so, boards and CEOs will be more productive and fostering a positive rapport with each other.

In Summary

The panel 'Increasing Leadership Capacity in the Non-Profit Housing Sector' brought together three presentations focused on a variety of the challenges social housing providers face. Recognizing that informed understanding guides meaningful change, ONHPA is reaching out to their members to hear their thoughts on the sector and learn how to best serve them. By looking at national and international best practices, Focus Consulting Inc. describes how adaptability and creativity have transformed once struggling organizations into successful and sustainable social housing providers. Furthermore, insight into how to maintain positive CEO-board relations while implementing changes necessary for organizations to adapt remains a key component of organizational growth as well.

Together, these presentations address a diverse range of issues many organizations in the sector face today, and as navigating these obstacles becomes increasingly important, the topics discussed on this panel are sure to resonate with and educate social housing providers.

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75 Albert Street, Suite 902
Ottawa, ON, K1P 5E7

(613) 594-3007
(613) 594-9596

www.chra-achru.ca
info@chra-achru.ca

 @CHRA_ACHRU