



# Notice

Number: 07-12

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**APPLICABLE TO:****DATE: July 8, 2007**

<input checked="" type="checkbox"/>	<b>Municipal &amp; Private Non Profit</b>
<input checked="" type="checkbox"/>	<b>Co-operatives</b>
<input checked="" type="checkbox"/>	<b>Federal Non Profits</b>
<input type="checkbox"/>	<b>OCHAP/CSHP</b>
<input type="checkbox"/>	<b>Rent Supplement</b>

<input checked="" type="checkbox"/>	<b>Mandatory</b>
<input type="checkbox"/>	<b>For Information</b>

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**Subject Housing Provider Good Governance: Arrears Management**

## Background

NRH has established a policy that defines a member of a housing provider board of directors, who is in arrears, as ineligible to sit on their board. Board members in arrears must resign their position, regardless of whether or not a repayment agreement is in place.

*The Social Housing Reform Act, 2000 (SHRA)* gives service managers the legislative authority for the administration of the social housing program. NRH has the responsibility to ensure that housing providers in Niagara manage their operations in a financially prudent manner and have in place a strong organizational framework to ensure its success as a viable business.

The standards of good governance include a board that is effective, fiscally responsible and one that makes good decisions for the organization. A prime component of the board's fiduciary responsibility is the collection of monthly housing charges/rents and ensuring that arrears are kept to a minimum. Successful arrears management depends on strong board leadership. Board members are trustees of the corporation, and as such, should set a "no arrears" culture by paying their housing charges/rents in full and on time themselves.

## Implementation

Arrears can be a serious problem for housing providers that can affect cash flow and impact on annual budget plans. Arrears may be symptoms of a larger problem. Households who do not take their responsibilities seriously and do not respect the community they live in can have a negative impact on other residents. A culture of non-payment may encourage others not to pay. Arrears can also increase the administrative workload and expenses associated with the eviction process, move-out and repair costs. Households who move out owing arrears are also ineligible for placement on the centralized waiting list.

Arrears can be especially difficult to manage when board members themselves are in arrears. If board members are in arrears, it not only results in a conflict situation for that member, but can be perceived as a lack of leadership, inconsistencies in management practices and/or favoritism. This can lead to increased overall arrears and impact the organization's operations and their ability to meet monthly financial obligations.

There is agreement in the sector organizations that arrears, in general, need to be addressed. The Cooperative Housing Federation (CHF) has communicated to their membership that good governance policies should include the requirement for board members to sign ethical conduct agreements that require them to resign if they are in arrears.

**Effective Date:** The effective date of this policy is January 1, 2008, to allow sufficient lead time for current board members to resolve their arrears issues.

### **Service Manager's Role**

Niagara Regional Housing will, during operational reviews and on a monthly basis (if required), review housing providers' arrears policies and board members in arrears.

### **Housing Provider's Role**

Housing providers are required to:

1. Adopt a new (or amend an existing) arrears bylaw/policy that requires housing provider board members to resign their position on the board if they are in arrears, regardless of whether or not a repayment agreement is in place.
2. Advise current board members in arrears to resolve their arrears issues by December 31, 2007.
3. Ensure that board members in arrears resign their position on the board, effective January 1, 2008.
4. Ensure that property management staff inform the board of directors on a monthly basis of all board members who are in arrears, effective January 1, 2008.

Property management staff should ensure that all board members are advised of this policy.

If you have any questions regarding this notice, please contact your Housing Administrator at (905) 682-9201.

*(Original signed by Lora Beckwith)*

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Lora Beckwith  
General Manager