



# Notice

No: 15-04

Niagara Regional Housing

APPLICABLE TO:

DATE: May 20, 2015

<input checked="" type="checkbox"/>	Municipal & Private Non Profit
<input checked="" type="checkbox"/>	Co-operative
<input type="checkbox"/>	Federal Non Profit
<input type="checkbox"/>	OCHAP/CSHP
<input type="checkbox"/>	Rent Supplement

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

**SUBJECT:** *Housing Services Act* – Updated Housing Provider Property Management Tendering Requirements

## BACKGROUND

On April 30, 2013, NRH issued Notice #13-08 which included the local rule related to housing providers' Property Management Tendering Requirements and Requests for Exemption Policy F-27 (attached).

For exemption requests, NRH reviews several areas of the housing provider operations. One of the areas reviewed is the management/staff costs of the housing provider which includes management fees, administrative and/or maintenance salaries/wages/benefits, bookkeeping, and cleaning. The total costs, on a per unit basis, must fall within NRH established standards.

For 2013, the standard ranged from \$1063 to \$1382 per unit, depending on the building type.

The standard for management/staff costs have been increased by the benchmark inflation factor for 2014 and 2015. For 2015, the NRH standard ranges from \$1147 to \$1491, depending on the building type.

## Housing Provider's Role

For housing providers who are contemplating the submission of a property management tendering exemption, please note the NRH 2015 standard for management/staff costs.

## **Service Manager's Role**

The housing provider's exemption from property management tendering will be reviewed in accordance with NRH 13-08.

If you have any questions or concerns, please contact your Housing Administrator at (905) 682-9201.

A handwritten signature in black ink, appearing to read 'E. Balmain', is written over a horizontal line.

Ellen Balmain, General Manager

Enclosures:

1. Property Management Tendering Requirements F-27 + Form

ADMINISTRATION MANUAL

<b>SUBJECT:</b>	Property Management Tendering Requirements	<b>POLICY/PROCEDURE #:</b> F-27
<b>SECTION:</b>	F- Local Rules	
<b>IMPLEMENTATION DATE:</b>	April 2013	<b>APPROVED BY:</b> General Manager
<b>REVISION DATE(S):</b>	Implementation of Housing Services Act, (effective January 1, 2012)	<b>SIGNATURE:</b> <i>Original Signed by Lora Beckwith, General Manager</i>
<b>REASON FOR CHANGE:</b>		
<b>RELEVANT LEGISLATION:</b>	Housing Services Act 2011, s. 75 O. Reg. 367/11, s. 100	

**PURPOSE**

To inform all Niagara Regional Housing (NRH) staff and housing providers of the mandatory requirements, local rules and requirements related to the *Housing Services Act* (HSA) and associated regulations related to housing provider property management tendering requirements.

**BACKGROUND**

The *Housing Services Act* (HSA) gives Service Managers the option to develop a local rule related to housing provider property management tendering requirements.

**POLICY**

Housing providers must establish and follow open and competitive practices in retaining firms to provide property management services for their housing communities.

The property management contract must include the following requirements:

- a. The term of the contract must not exceed three years.
- b. The contract must not include an automatic renewal clause.
- c. The contract must be capable of termination by the housing provider on 60 days written notice any time during the term of the contract, and on 30 days written notice if the termination is for breach of the contract, unless the parties agree to shorter notice periods. Where the Board suspects that fraud has been (or is being) committed by the property management staff, the procedures noted in NRH Notice #07-24 should be followed and the Board should seek advice on next steps from the corporation's lawyer.
- d. The contract must refer to compliance with the *Housing Services Act*, associated regulations, and Niagara Regional Housing local policies.

- e. The contract must include an indemnification clause for both parties.
- f. The contract must specifically identify and describe the nature of the goods and services provided under the contract and the consideration to be paid by the housing provider.
- g. The contract must be non-assignable.
- h. Property management companies must give notice to the housing provider Board of Directors of any change in control of the property management company or the staff assigned to the provider.

### Exemption from Tendering Requirements

A housing provider may request an exemption to the mandatory 3-year property management tendering process, if the provider meets certain standards related to:

1. Board governance
2. Management/staff costs
3. Accumulated financial position
4. Vacancy losses
5. Arrears

1. Board Governance – includes an assessment by the Housing Administrator related to good board governance practices, including:

- Board that maintains full complement (with normal turnover)
- has regular monthly meetings
- allows all board members an equal voice in the discussion of issues
- makes decisions by quorum that are documented in the minutes; and
- has no complaints filed against them with NRH regarding individual board members or board practices

2. Management/Staff Costs – includes total management costs (i.e., management fees, administrative and/or maintenance salaries/wages/benefits, bookkeeping, cleaning, etc.). The total costs, on a per unit basis, must fall within established standards. For 2013, the median cost for providers in Niagara range from \$1063 to \$1382 per unit, depending on the building type. The median costs will be updated as required.

3. Accumulated Financial Position – Provider has not incurred an operating deficit for the current year-to-date, and for the past 2 years, as per the audited financial statement reconciliations. An exception is allowed if the provider is successfully following a deficit reduction plan and the accumulated deficit is being reduced in accordance with the effective date as approved in the plan.

4. Vacancy Losses – must meet NRH standards of 2% or lower for RGI, and for market, they must fall within the latest vacancy rates as reported in CMHC's Rental Market Report for the provider area. A business case is required for vacancy loss above the standard (*refer to Appendix A for calculation*).

5. Arrears -Arrears must meet NRH standards of 2.5% of total annual revenue. A business case is required for arrears that exceed the standard (*refer to Appendix A for calculation*).

#### Process for Requesting an Exemption

Six (6) months prior to the end of the property management contract, the housing provider may submit the attached Request for Exemption - Property Management Tendering (Appendix A) to NRH. NRH will review and verify the information submitted.

If NRH determines that standards have been met, the housing provider will receive conditional approval for an exemption to the property management tendering requirement for the upcoming 3 year period, with the stipulation that the new property management fees must not exceed the current admin/maintenance inflationary factor, as indicated on the provider's approved budget/subsidy provided by NRH.

The housing provider is required to submit a copy of the property management's current fees and proposed new fees for the upcoming 3 year period to NRH in order to receive final approval. Until approved by NRH, the housing provider will be required to continue the property management contract on a month-to-month basis. If the new property management fees are higher than the acceptable range, the housing provider will be required to proceed to a full tender for property management services.

Housing providers will be required to submit exemption requests each time they wish to be exempted from the 3 year property management tendering requirements. (***Refer to Request for Exemption, Appendix A***).

#### Non-Compliance

A housing provider who does not tender for property management services or does not submit an exemption request will be in non-compliance with the HSA and local policies, and NRH may consider remedies as allowed under the HSA.

#### **RELATED POLICIES**

#### **SUPPORTING FORMS**

NRH Notice 09-12 - Conflict of Interest

NRH Notice 04-06 – Purchasing/Tendering Policy

NRH Notice 07-24 – Fraud Prevention and Minimization





## Request for Exemption – Property Management Tendering - APPENDIX A

Please complete this form at least 6 months prior to the end of the Property Management Contract and submit it to your Housing Administrator by mail - Niagara Regional Housing, Box 344, Thorold, ON L2V 3Z3, email, or fax - 905-687-4844. Please attach any additional comments or business cases to support your exemption request.

<b>DATE:</b>	<b>HOUSING PROVIDER:</b>		
Management/staff costs are all administrative and maintenance staffing costs associated with the management of the building. Only consider the human costs, not supplies or materials.			
<b>Management/Staff Costs</b>	Current Year-to-Date As of: <i>(attach latest monthly financial statements)</i>	Prior Year Fiscal Period:	2 <sup>nd</sup> Prior Fiscal Period:
Property Management Fees			
Administration salary, wages & benefits			
Maintenance salaries, wages & benefits			
Bookkeeping			
Cleaner			
Other - explain			
<b>Total</b>			
<b>Financial Position</b>	Current Operating Position - Surplus (Deficit) <i>(attach latest monthly financial statement)</i>	Accumulated Financial Position - Surplus (Deficit)	Accumulated Financial Position - Surplus (Deficit)
	Current Year-to-Date As of:	Prior Year Fiscal Period:	2 <sup>nd</sup> Prior Fiscal Period:
Financial Position:			
<b>VACANCY LOSS STANDARDS</b>			
<p>“Vacancy loss rate” is calculated as the <b>Total Year-to-Date vacancy months/Total RGI or Market units x 12 months</b> (RGI and Market Units are calculated separately).</p> <p style="text-align: center;"><i>Example: 2 RGI units remained vacant for a total of 3 months = 6 As of the reporting period, the provider has 30 total RGI units x 12 = 360 Calculation: 6/360 = 1.6%</i></p> <p><b>RGI Standard</b> – 2% or lower  <b>Market Standard</b> – based on latest vacancy rate reported in CMHC’s <i>Rental Market Report</i> for the provider area.</p> <p>A business case (with pictures) should be provided for exceptional circumstances where vacancy loss exceeds the standard.</p>			
<b>Current Year to-date</b> <i>Attach latest vacancy loss report or Unit Activity Data Report (form A7 from AIR)</i>			
Vacancy Loss	Total number of vacant units during the period (a)	Total months the units in (a) were vacant during the period (b)	Total units (market or RGI) in portfolio x 12 (c)
Market			Vacancy Loss:  <b>(a) x (b) (c)</b>
RGI			

<b>Prior Full Year Fiscal Period</b>				
<i>Attach Unit Activity Data Report (form A7 from AIR)</i>				
Vacancy Loss	Total number of vacant units during the period (a)	Total months the units in (a) were vacant during the period (b)	Total units (market or RGI) in portfolio x 12 (c)	Vacancy Loss: $\frac{(a) \times (b)}{(c)}$
Market				
RGI				
<b>2<sup>nd</sup> Prior Fiscal Year</b>				
<i>Attach Unit Activity Data Report (form A7 from AIR)</i>				
Vacancy Loss	Total number of vacant units during the period (a)	Total months the units in (a) were vacant during the period (b)	Total units (market or RGI) in portfolio x 12 (c)	Vacancy Loss: $\frac{(a) \times (b)}{(c)}$
Market				
RGI				

### ARREARS STANDARDS

The arrears percentage is calculated as the total arrears divided by the total annual revenue (market and RGI, excluding subsidy).

NRH Standard: 2.5%

A business case should be provided for exceptional circumstances where arrears exceed the standard.

	Current Year-to-Date As of: <i>(attach latest arrears report)</i>	Prior Full Year Fiscal Period:	2 <sup>nd</sup> Prior Fiscal Period:
Arrears Amount			
Arrears Percentage (show calculation)			

We certify that the information contained on this form is correct and complete. We understand that NRH may require further information to verify any information provided.

\_\_\_\_\_  
Signature of President/Chair

\_\_\_\_\_  
Signature of Board Member

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date