Data Insights 2016-18: *Rental Collection*

First Nation Housing – August 9, 2018

Data sets

- Data source: Client Questionnaire (CQ) (Community Workbook) for 2016 /17 and 2017/18.

- The CQ data is community-based (not project specific).

- While much of the data pertains to Section 95, the analysis and insights can be validly extrapolated to apply to the overall housing stock in a community.

- Some of the data in the Client Questionnaire is more qualitative in nature, i.e. based on staff interpretation of certain indicators in the absence of hard (quantitative) data.

Objectives of Data Analysis

The objectives of gathering quantitative and qualitative data are twofold:

Gather intelligence
- To help us better serve our clients with more customized, evidence-based solutions

Share Intelligence
- To share information and insights with clients seeking to better develop and manage their housing across the continuum.

Focused on two key questions

Data analysis focused on:

A. **Viability**—specifically, *how many communities have a section 95 portfolio that can be considered viable*?

B. **Rental collection** as an important component of viability—specifically, *how many communities are successfully collecting rent?*

Viable Section 95 portfolios

Successful rental collection
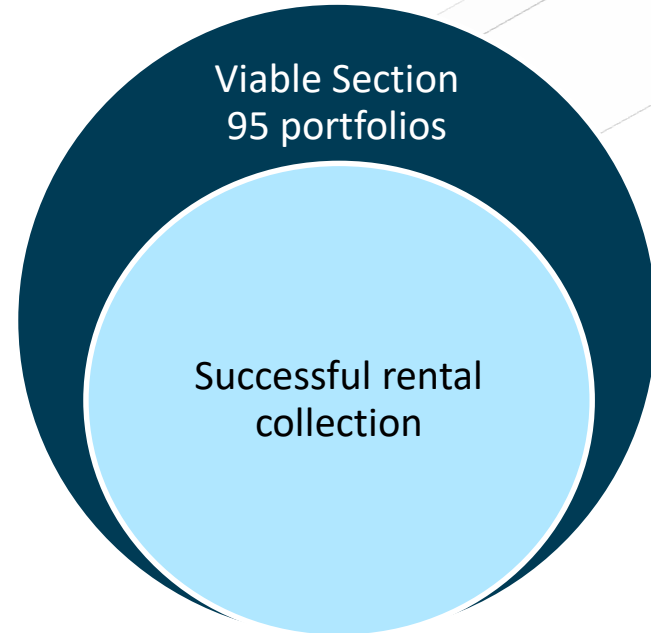
COMMUNITIES WITH VIABLE SECTION 95 PORTFOLIOS

Defining viability

Communities with viable S 95 portfolios: Corresponding Indicators (Client Questionnaire)

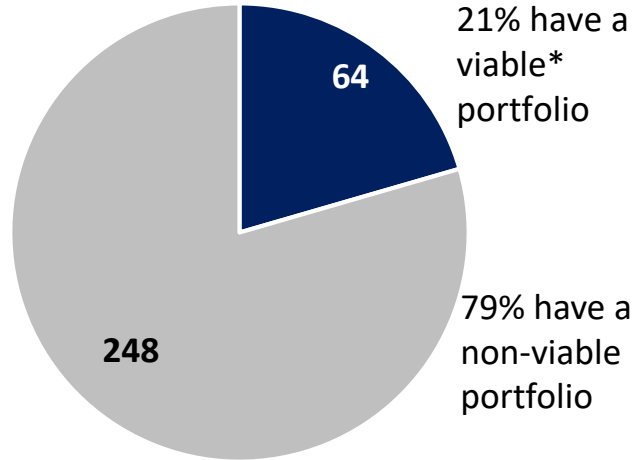|	
Generate Sufficient Revenue	• The community is reporting break even rent *OR* • Full MRC funds are available for spending all year
Accumulate Sufficient Reserve Funds	• The Replacement Reserve is funded at a minimum of 70% *MODIFIED INDICATOR*
Use Reserve Funds Appropriately	• The community uses the Replacement Reserve resources through planning, budgeting, and regular replacements
Maintain Housing Quality	• Projects are maintained as identified by the last PCR or Client Visit—units are in satisfactory or very good condition (strong maintenance and CRP practices)

Viable Portfolios – Pre '97 program

Among First Nations with pre-'97 portfolios:

21% have a viable* portfolio

79% have a non-viable portfolio

■ **viable** ■ **not viable**

Results by Client Category

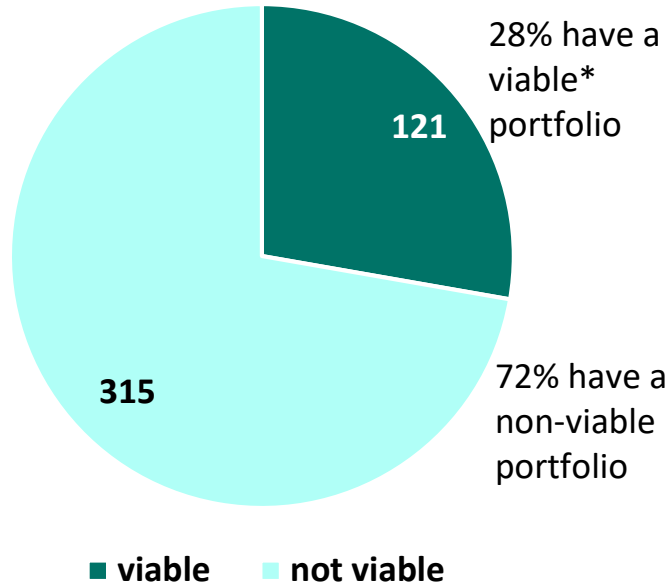|	Connect	Grow	Cultivate	Intervention
Viable	35	27	2	
Not Viable	35	95	44	66

■ Viable ■ Not Viable

* Viability as defined by the four key CQ indicators listed on slide 6
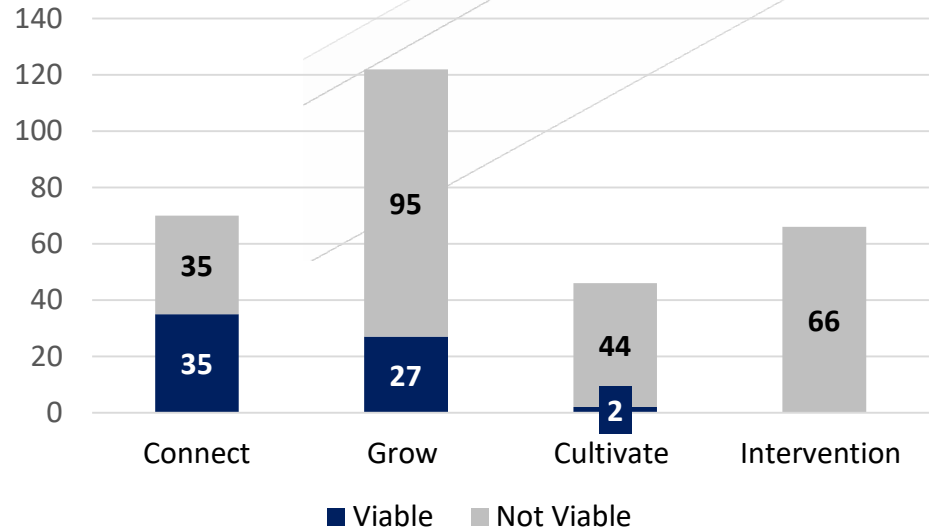
Viable Portfolios- post '96 program

Among First Nations with post-'96 portfolios:

28% have a viable* portfolio

121

72% have a non-viable portfolio

315

■ **viable** ■ **not viable**

Results by Client Category

Connect	Grow	Cultivate	Intervention
39	127	56	89
65	52	4	

■ Viable ■ Not Viable
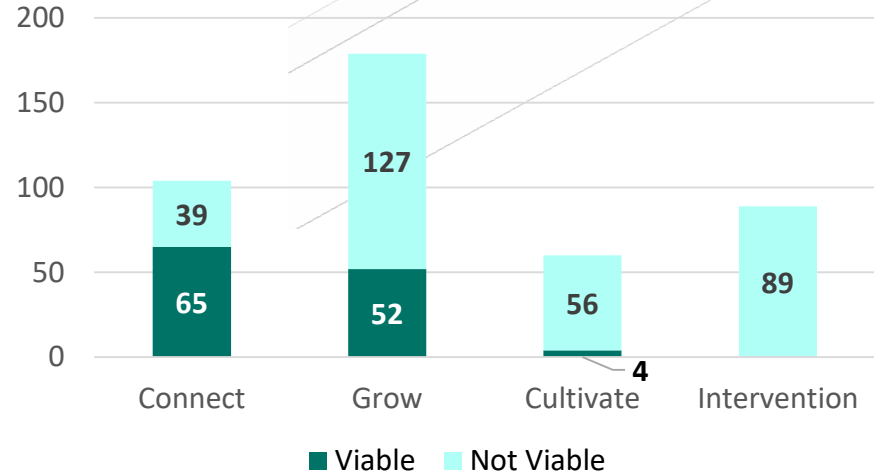
* Viability as defined by the four key CQ indicators listed on slide 6

RENTAL COLLECTION: WHAT THE DATA REVEALS

Determining Rental Collection

Relevant CQ Indicator:

"There is a rental regime in place that produces revenue for a viable housing program."
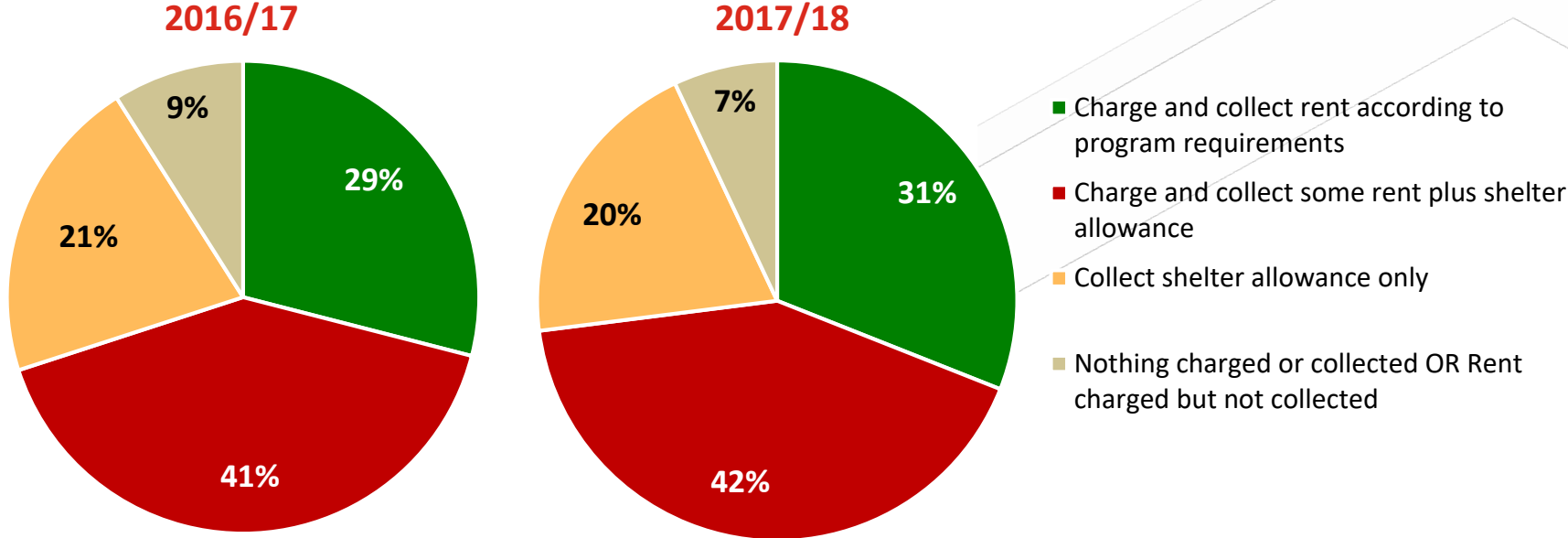
Possible responses:

Does not charge or collect rent / Charges rent but does not collect it	*Collects shelter allowance only*	*Charges and collects some rent plus shelter allowance*	*Charges and collects rent as per program requirements*

Portrait of rental collection in First Nations

2016/17

29%
21%
9%
41%

2017/18

31%
20%
7%
42%

- Charge and collect rent according to program requirements
- Charge and collect some rent plus shelter allowance
- Collect shelter allowance only
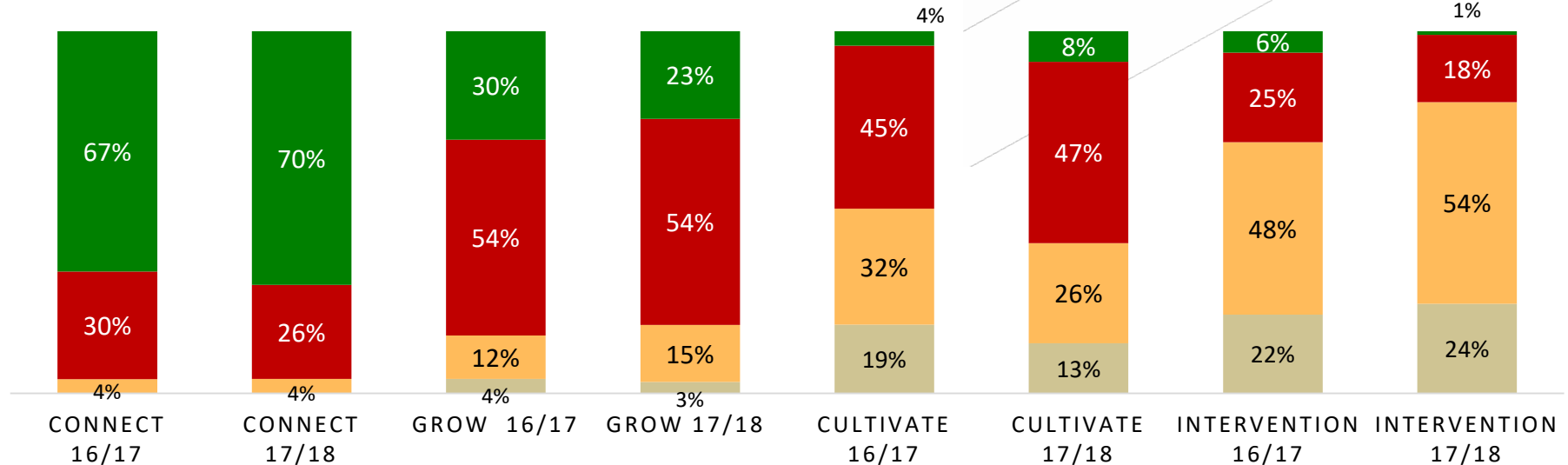- Nothing charged or collected OR Rent charged but not collected

Data for both pre 97 and post 96 combined.

# Rental Collection - Results by client category

Legend:
- 🟩 Charge and collect rent according to program requirements
- 🟥 Charge and collect some rent plus shelter allowance
- 🟧 Collect shelter allowance only
- 🟫 Nothing charged or collected OR rent charged but not collected

Category	🟩 Green	🟥 Red	🟧 Orange	🟫 Tan
CONNECT 16/17	67%	30%	4%	
CONNECT 17/18	70%	26%	4%	
GROW 16/17	30%	54%	12%	4%
GROW 17/18	23%	54%	15%	3%
CULTIVATE 16/17	4%	45%	32%	19%
CULTIVATE 17/18	8%	47%	26%	13%
INTERVENTION 16/17	6%	25%	48%	22%
INTERVENTION 17/18	1%	18%	54%	24%

Data for both pre 97 and post 96 combined.

Slight increase in communities who charge & collect partial or full rent

2016/17
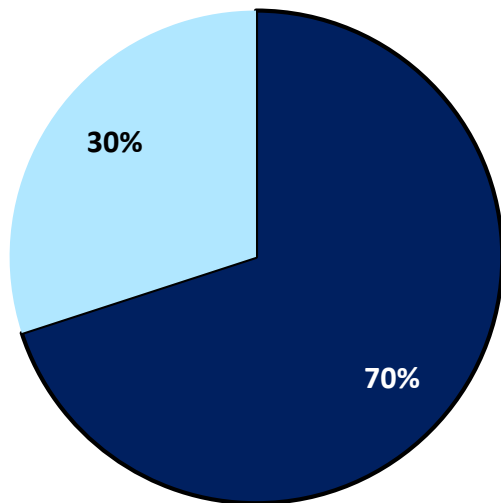
30%

70%

- Charges and collects full or partial rent (has a rental regime)
- Collects shelter allowance OR does not charge and/or collect rent (does not have a rental regime)

2017/18
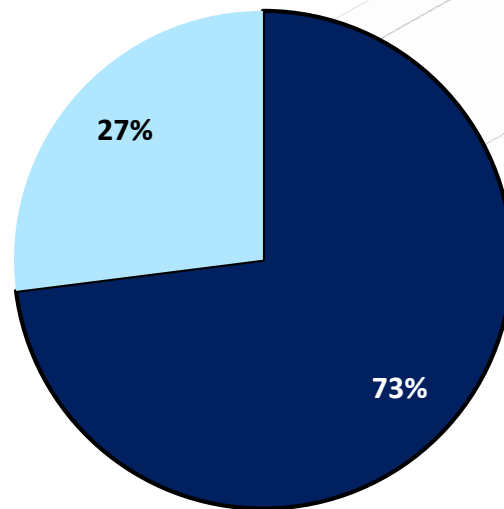
27%

73%

- Charges and collects full or partial rent (has a rental regime)
- Collects shelter allowance OR does not charge and/or collect rent (does not have a rental regime)
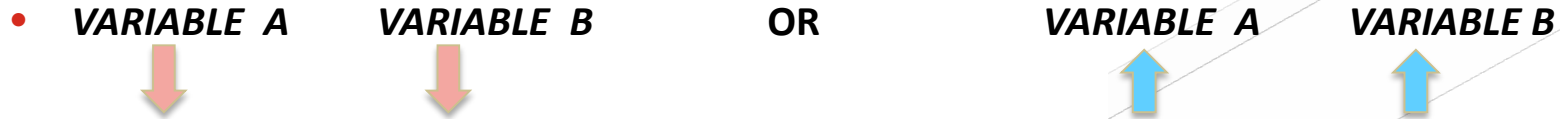
Data for both pre 97 and post 96 combined.

DATA ANALYSIS : POSITIVE CORRELATIONS

Identifying characteristics of communities who charge & collect rent

- A **Positive correlation** is a relationship between two variables in which both variables move in tandem, either increasing or decreasing.

- *VARIABLE A* ↓   *VARIABLE B* ↓   **OR**   *VARIABLE A* ↑   *VARIABLE B* ↑

- We analysed the data to determine which CQ indicators showed the strongest positive correlations with successful rental collection and portfolio viability.

- We excluded those indicators that indicated causality—for instance, having an arrears or eviction policy (which results from having a rental collection process in place first)

- While positive correlations may not be absolute predictors of future performance, they can provide insight into which actions and practices may be facilitating the desired outcome (in this case, successful rental collection).

Characteristics of communities that collect rent

Based on the CQ data, the variables that show the strongest positive correlations with rental collection can be grouped into four broad categories:

1. Minimal / no political interference in housing decisions

2. Financial processes to plan, budget & monitor revenues & expenses

3. Maintenance planning & management

4. A long term vision for housing

1. Minimal / no political interference in housing decisions

This means that communities with rental regimes are:

Much more likely to separate housing from politics

Much more likely to have a housing committee

Engaging with communities who are facing some challenges in housing governance

Addressing housing governance

Approach / Strategy

1. Start conversations with Chief & Council on the role of leadership in housing.

2. Subsequently, initiate discussions around the key elements of a successful rental collection policy with leadership and senior housing staff.

3. With support from leadership, arrange for skills training in housing governance for appropriate staff.

(back to categories)

Tactics & Tools

[Presentations that facilitate conversations and dialogue with leadership on the benefits of separating housing from politics.](#)

[Information resources (takeaways) on some essential components of a rental policy or program](#).

Format and delivery platform for skills training in accordance with community needs and readiness.

Conversations on benefits of separating housing from politics

Suggested presentations to facilitate conversations:

Managing Section 95 for Success

Reviews Section 95 financial reporting requirements and the overall benefits to the community.

Managing Housing for Viability & Sustainability

Overview of key components of effective housing management. *More appropriate for lengthier engagement opportunity* (ex: half-day; 3 hours)

Both presentations to be delivered by FNH Specialists (CMHC).

(back)

Information on some essential components of a rental policy

Suggested information resources (takeaways) to give to leadership. These tools reflect a progressive, incremental approach to engage clients.

| *Tips on Building Community Support for a Rent Collection Policy*	*Housing Application Sample Form*	*Tenant Selection Criteria (tip sheet)*	*Sample Lease / Tenancy Agreement*
First, garner support for rental policy	Then, focus on the information-gathering process from potential tenants	Next, suggest guidelines / criteria to select tenants who will adhere to rental policy	Finally, offer examples of tenancy agreements, to highlight responsibilities (rental and other) required of tenants.

(back)

2. Financial Processes to plan, budget & monitor revenues & expenses

Communities that charge and collect rent tend to capture all their Section 95 expenses

Strategy to address the need for, and importance of, sound financial practices:
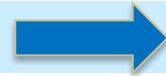
Addressing the need for sound financial practices with clients

Approach / Strategy

Tactics & Tools

1. Ensure clients* acquire and use accounting, bookkeeping and related financial knowledge / skills.

Knowledge & skills training, using appropriate method based on community readiness / needs.

2. Initiate conversations to enhance awareness & understanding of the importance of rental collection.

Presentations illustrating the importance of rent for good financial management.

3. Illustrate the importance of financial literacy.

Information tools (takeaways) on financial literacy for housing staff and community members.

Housing / Finance dept. staff

Illustrating importance of rent to successful financial management

Suggested presentations (delivered by CMHC staff):

Collecting and Recovering Rent

A high-level presentation outlining strategies for rent collection & arrears management.

Required Reserve Funds

An overview of the Subsidy Surplus, Operating Reserve, & Replacement Reserve funds.

Understanding Audits and Financial Statements*

Or a similarly themed presentation (ex: proper financial coding, etc.)

(back)

Information tools on financial literacy for housing staff <u>and</u> members.

Affordability Analysis Grid for Prospective Tenants

Financial Counselling: Helping Tenants Prepare a Budget

Addressing Tenant Arrears- Tips and Checklist

Operating Budget – Template and worksheet for Housing managers / staff

Suggested information resources (takeaways) to give clients. These tools reflect a progressive, incremental approach to engage them on the importance of financial literacy.

(back to categories)

3. Maintenance Planning and Management

Communities who charge and collect rent also:

Carry out maintenance planning and budgeting on a regular basis

Have a fully funded Replacement Reserve that they use appropriately

Strategy to address the need for, and importance of, maintenance planning & management:

Addressing need for, and importance of, housing maintenance

Strategy / Approach

Tactics & Tools

1. Work with clients to develop understanding of the link between good rental collection and effective maintenance management.

[Presentations illustrating the importance of rental revenue in maintaining quality, durable housing.](#)

2. Ensure clients* acquire and use knowledge / skills in maintenance management.

Knowledge & skills training on maintenance management, using appropriate method based on community readiness / needs

3. Reinforce knowledge / skills learned in maintenance management .

[Information tools / resources to help clients practice and implement the maintenance planning skills learned.](#)

* Housing and /or Maintenance Staff.

Illustrating importance of rental revenue for quality, durable housing

Suggested presentations (delivered by CMHC staff):

Understanding the Replacement Reserve

A presentation explaining the purpose of the replacement reserve, eligible capital items and various exceptions
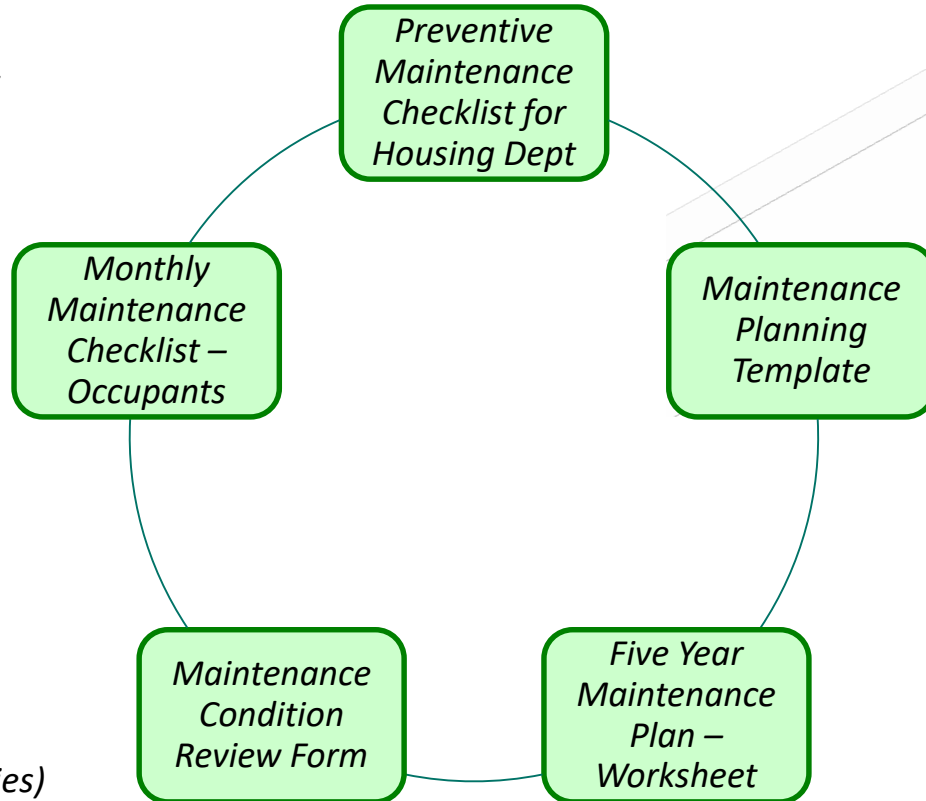
Required Reserve Funds – An Overview

An overview of the Subsidy Surplus, Operating Reserve, & Replacement Reserve funds.

(back)

Info tools to apply maintenance knowledge & skills learned

These information resources follow a time cycle

Preventive Maintenance Checklist for Housing Dept

Maintenance Planning Template

Five Year Maintenance Plan – Worksheet

Maintenance Condition Review Form

Monthly Maintenance Checklist – Occupants

(back to categories)

4. Having a long-term vision for housing

Communities that charge and collect rent have a ratified housing policy
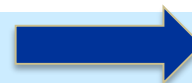
They have a long-term (5+ year) housing plan in place

They follow a land use plan

Strategy to address the importance of housing plans and policies

Addressing the importance of long-term planning / vision

Strategy / Approach – to come in 2019

Pursue Client Engagement Strategy piloted in the B.C. region:

1. Consultation and comprehensive intelligence gathering to help clients assess their needs

2. Facilitate the development of strategic housing plans / strategies led by the community but with support from CMHC and external partners

3. Conclude a partnership agreement, along with training plan and broader action plan with roles and responsibilities

Tactics & Tools

To be developed in 2019.

In the meantime, refer to the information toolkit for resources, under the categories *"Housing Policy"* and *"Community and Land Use Plan"* to find some relevant resources pertaining to housing plans, policies, and options for maturing units.

Thank you !

Questions ? Comments………