

Implications of Business Transformation II Study

Skillsets and Core Competencies to Facilitate Business Transformation
in the Non-Profit Community Housing Sector

Prepared by Housing Partnership Canada

APRIL 2018



**Housing
Partnership
Canada**

Acknowledgements

This material was produced by Housing Partnership Canada (HPC) and Lisa Oliveira (Housing Services Corporation-HSC), participant of the research working group. HPC gratefully acknowledges the contribution from Judy Lightbound, (HSC) and Karen Hemmingson (BC Housing) for their input in this document.

This document is complementary to the Final Report, Skillsets and Core Competencies to Facilitate Business Transformation in the Non-Profit Community Housing Sector. It is intended to highlight some of the study's implications for practice and identify ways to support the sector in business transformation.

The Final Report, Research Bulletin and the previous research project on Business Transformation can be found on the HPC website: <http://www.housingpartnership.ca/>

Disclaimer:

The opinions in this document draw on the results of the research study and do not necessarily reflect the views of the consultants (Malatest & Associates Ltd.) that undertook the research work. No responsibility is accepted by HPC, or its members for the omission of any statement, opinions or information in the document.



About Housing Partnership Canada (HPC)

Housing Partnership Canada (HPC) is a collaboration of Canada's housing leaders. HPC operates as a peer based network and an opportunity for senior housing practitioners of influential organizations, which have a demonstrated commitment to innovation, to share business ideas.

HPC provides a catalyst for a dynamic exchange of information and experiences among its members, and fosters deeper collaboration and exploration on business practices and approaches with regard to the development, operation and sustainability of social housing in Canada.

Housing Partnership Canada is a member of the International Housing Partnership, a peer network of non-profit Housing Providers from Canada, Australia, the UK and USA with the aim of providing safe, secure and affordable homes.

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INTRODUCTION

Housing Partnership Canada (HPC) commissioned the study, ***Skillsets and Core Competencies to Facilitate Business Transformation in the Non-Profit Community Housing Sector***. The objective of this work by HPC is to examine business sustainability to support the non-profit community housing sector as it evolves and undergoes transition in a changing operating and regulatory environment. The intention of this study is to inform the non-profit rental housing sector about the ways through which the sector is renewing, diversifying and refocusing; and to demonstrate strategic activities and practical approaches that can be undertaken by housing organizations to meet the needs of managing and developing housing in these transformative times.

The study focused on three key areas: ***skill sets and competencies, governance and internal organizational capacities for sustainable operations and housing development***, and ***organizations' resilience and appetite for risks***. The study highlighted the following:

- Purposeful strategic planning and positioning that is required for ensuring business resilience
- New forms of knowledge, skills and behaviour required by housing professionals/practitioners to enable housing organizations to thrive in the emerging housing sector
- Organizational competencies and skill sets including risk management skills needed by board members, leadership and staff to meet the new demands of housing organizations and support new business activities
- Organizational adaptations to governance and executive capacity- governance structure(s), board and leadership composition for facilitating transformation in business
- Organizational structural changes that enable housing organizations to grow and diversify
- Capacity resources required to establish internal development functions and expertise (e.g., providing specific services, redevelopment negotiations, the art of the real estate deal and partnerships)

The Final Report is available publicly and provides details about the study and its findings.

Informed by the research information and study findings, HPC wishes to harness the current appetite of the federal, provincial / territorial and local governments and sector-based organizations to support transformational change for the sector. HPC has prepared a companion document to the

Final report to highlight some of the study's implications for practice and identify possible ways to support the sector in business transformation. In addition, it outlines Housing Partnership Canada's role and activities for supporting the sector in this area. Broadly, this study has implications for government, sector-based organizations and associations and the non-profit community housing sector.

IMPLICATIONS FOR PRACTICE

Canada's non-profit community housing sector is a vibrant and compassionate sector, with a long history of developing and managing social and affordable housing. Looking forward, the vision for the future of the sector as a continued vibrant and sustainable sector can be achieved and supported in various ways, each of which calls for different roles for government and sector players and will require different sector abilities and a variety of capacity-building actions.

This section addresses the implications for practice that is recommended to support the sectors business transformation pathway and public policy goals.

Continuous Improvement in Regulation

Regulation has to be responsive and appropriate to changes ongoing in the non-profit community housing sector. The Canadian housing policy environment over the last 20 years has created a paradox for the non-profit community housing sector and its organizational capacity-building. Characterised by ad hoc, limited and stop-start nature of public funding for the sector and fluctuating policy settings, growth opportunities have stalled or are slow, which to some extent has led to a loss of organizational capacity within some housing organizations. These impacts are more likely to be felt by smaller scale housing provider organizations that may not always have the resources to retain or invest in specialist skills sets or diversify business activities.

The study underscores that a long-term certainty of government policy setting is essential to enable housing organizations to sustain their business models and facilitate business transformation in the sector. This can be achieved by improving policy certainty and policy capacity around strategic issues facing the sector. This would enable housing organizations to determine direction and make changes as needed to their strategic positioning, for the purposes of internal strategic planning, as well as assess their business capabilities (e.g., capacities for growth and diversification). The National Housing Strategy sends a promising sign to the sector with respect to national policy setting.

The study also highlighted that some housing organizations are able to adapt to changing opportunities, while others have invested (self-directed) in their own organizational capacity- particularly in their boards, managers, staff development and business system. Within the context of policy setting, government however; must recognize the dynamics of the non-profit housing sector and ensure that organizations also have sufficient autonomy to manage their own affairs, demonstrate their capabilities and pursue innovation while being accountable to government and to the communities they serve.

Capacity-Resourcing Framework for the Community Housing Sector

The Federal government should work with its Provincial / Territorial counterparts, sector-based organizations and the community housing sector to develop a shared strategic resource-capacity framework with the objectives of strengthening organizational, institutional and sector development. The framework must include capacity building opportunities to support non-profit, cooperative and municipal housing providers, as well as housing funders and administrators. Part of this work is to recognize the sectors strengths and assess the unused capacity of the sector. The focus must be to provide capacity building resources and tools (training, education, support, and advice to enhance the technical and administrative capabilities of non-profit organizations and its administrators) to increase the effectiveness of community housing organizations.

The National Housing Strategy states “the community housing sector must be

prioritized, protected and grown”. In this vein, the study is especially timely and important, and responds to the Canadian government’s strategy to maintain a resilient community housing sector. The evidence and findings from this study can inform and demonstrate to decision-makers the policy changes and resource investing required to support the non-profit community housing sector. If the Canadian government wants to use this sector to pursue housing policy objectives, such as increasing the supply of affordable housing, accelerating the renewal of asset, promoting socially inclusive forms of housing assistance and rebuilding pathways to support and engage tenants; a capacity-resourcing framework to guide business transformation and development of the sector is desirable.

Priority areas for attention articulated through this study are governance, risk management and strategic planning, asset management and regeneration of portfolios, finance and regulation. In order to leverage limited resources more effectively and increase the capacity of housing organizations to stabilize and grow their portfolios, this study identified specific types of core skills and expertise that can be facilitated through a resource-capacity framework, namely:

- Pre-development and development assistance
- Conducting portfolio analysis
- In-depth review of operating procedures
- Development of viable models of mergers and acquisitions
- Risk management systems
- Financial systems
- Assessing new models for business diversification and scaling operations

- Board governance and leadership

Support in the area of the specific skills stated above along with continuing knowledge transfer of industry best practices, can help to steer continuous improvements in the governance capabilities of the sector; deepen knowledge within the sector, promote the sharing of that knowledge; strengthen the identity of the sector and promote wider understanding of the non-profit community housing sector's role and abilities.

Capacity- building for Indigenous housing organizations

Indigenous housing providers have an important and culturally unique role in housing Indigenous populations and supporting their diverse needs. They represent a distinctive and essential part of the non-profit community housing sector. Housing leaders of indigenous organizations participating in the study were optimistic about the recent policy attention by governments; but they did assert concerns about the historic underinvestment in provider capacity-building which has contributed to organizational governance, workforce and business systems being less developed than for mainstream housing providers/ organizations. For many of the smaller indigenous housing organizations, their future is highly uncertain. Special attention must be given to the growth and resource allocation for these organizations to strengthen their organizational capacity and to enable them to be well-performing, business resilient, to develop their scale and capacity to be entrepreneurial, expand their business models and to secure a viable future.

Establish Sector Profile- Core Data Set

An overhaul of the community housing sector data is needed and the development of a sector profile- core data set is required. Current housing data collection in Canada is not aligned meaningfully with the changing roles and responsibilities of the non-profit community housing sector. The absence of a community housing sector profile data set is a huge knowledge gap for the sector, and the lack of publicly available data and information on the sector's profile is inadequate for policy development. Key gaps include data on subsidy levels, unit costs of provision, financial performance, asset value and asset condition, business structures and models, development activity.

The Business Transformation II study is the second attempt by HPC to collect and bring together evidence and profile organizational and sectoral change for the non-profit community housing sector. While the scale of both HPC research projects (Business Transformation I and II) has been moderate in nature; the recent study's research process has demonstrated that a lack of a core data set for Canada limits providing an accurate picture of the sector, or the ability to articulate and capture changing trends, innovations and activities in community housing. As the delivery of community housing is further diversified, it will be even more important to ensure that appropriate data is collected to capture the main activities of housing providers and to capture government investment and assets.

The Canadian government has indicated interest in new and better housing information, including developing tools to address data gaps and build capacity for

housing research. This is the opportunity to embark on an exercise for collecting, recording and information sharing, and establishing a platform to support the development of a sector-core data set. If done periodically, it would improve the diagnosis of capacity needs and assist government and sector decision-making on resource allocation for capacity-building. The data can also be input into research activities, support engagement with the broader spectrum of the non-profit community housing sector, and used to demonstrate the outcomes being achieved by the non-profit community housing sector. Government and the community housing sector can be jointly responsible developing the criteria for establishing a core profile data set. Optimising publicly available information about the sector (e.g., publishing more collected data) will further raise the industry's profile.

Professional Skills need Continuous Improvement

The study demonstrated that housing organizations are committed to organizational development, and are addressing capacity issues in several areas namely, human resources, information technology, governance, development activity and collaborations through partnerships. In their efforts to be entrepreneurial and self-directed, some providers have also embarked on new business ventures for which they have installed in-house capacity. Notwithstanding this, the findings also highlighted that professional development requirements need to be enhanced and that employee development within the community housing sector needs more attention. Identified through the study is that sector-specific

competencies for leadership, governance and the workforce have changed over time; given the adjustments that housing organizations are considering and making to their management and business approaches. However, the extent and pace of addressing organizational capabilities varied and were dependent on the tools, resources and investment in learning, training and education that a housing organization is able to accommodate.

The professional skills base of the sector has traditionally been in tenancy and property management, community development and back office functions. Over the past decade, tenant demographics have shifted, housing need has shifted, and this has changed the skills required. Several study participants drew attention to the fact that for many organizations and in particular smaller scale community housing providers, there is a mismatch of the skills and competencies to address organisational needs of the future. Suggestions were made for a revitalization and enhancement of workforce/professional development and training standards to align with the business direction of the sector. The study identified several capacities that housing providers are developing skills and expertise in their efforts to transform their business, such as business planning, contract management, asset renewal and development, market management strategies, tendering and procurement, project management, resource management, budgeting, and cost-control and risk management.

The sector currently has a web of supporting institutions and frameworks to facilitate the sector's expertise. There is also plenty of

generic training but training on specific core competencies and skills is more difficult to access. Sector specific training resources are needed to maintain traditional skills in tenancy management and community development, and to enhance emerging skills in property management. The information from the study serves to inform the type of resources, training and learning curriculum that is being needed by the sector to support the community housing sector as it evolves and housing organizations are future proofing their businesses.

As the sector workforce demographic grows and changes composition; the areas for specific competencies highlighted through the study that will need attention are as follows:

- Real estate development
- Asset-management planning
- Development finance and financial planning
- Complex tenancy management
- Culturally-adapted housing services
- Project management
- Leadership and Governance

Aspects of leadership were a component addressed through the study. Rapid change in the sector has created a challenge for some organizational leaders where existing strategies, values and behaviours are no longer supporting future directions of an organization. The study identified the types of changes that leaders are spearheading for their organizations and the expectations they have of themselves as leaders and for their leadership teams. As a participant stated, “What is the right stuff for leaders in social housing?” The general notion from the senior leaders interviewed is that for the leadership to be effective, they need to recognize strategic opportunities and be risk tolerant,

and be prepared to adopt different behaviours while staying true to their core values, foster openness, innovation and culture change. A key emphasis on leadership that safeguards the sector ethos and core social values and embed in future leaders a balance of entrepreneurial, business-minded skills and dedication to social and affordable housing and community development.

Sector-Led Improvement

Sector organizations and associations have a pivotal role to play in exploring, describing and supporting learning and skills development for the non-profit community housing sector of the future. They can offer an arena for supporting wider skills development, and developing creative partnership opportunities for coaching and mentoring.

The study underscored that providers of the community housing sector require a variety of specific skills which relate to developing and managing housing. The sector however lacks comprehensive data and information as a resource-base that captures the specific skills of the sector, types of investments made in this area, and the tools utilized and activities undertaken internally by housing organization to address organizational gaps. If this information gap can be bridged it would serve to inform the continuous improvement of professional skills, and for supporting standards and accreditation upkeep.

It would be beneficial for sector organizations through a collaborative-led initiative to establish a mechanism for collecting sector information, specific to skills and core competencies, such as a Canadian

community housing workforce survey and/or a Canada wide community housing survey on leadership and organizational development. If developed with common standards and across the Provinces and Territories and coordinated to be consistently gathered and shared publicly, it would inform the sector and housing organizations with respect to the direction of human resource capabilities, and assist in the understanding as to the type of resources and capacity investment needed. As a sector-led improvement initiative, it would enable sector associations and organizations to:

- Develop appropriate training and learning initiatives
- Establish partnerships to support wider skills development
- Create opportunities for experiential learning to support housing organizations to learn from each other and acquire new skills
- Identify the variety of opportunities to diversify business models, and move organizations along the path of change
- Dedicate capacity development for coaching and mentoring for executive, boards, managers and frontline staff

The information gathered could strengthen the sector's profile, and promote the sector in a manner that is attractive for housing practitioners to continue to pursue a career path in the non-profit community housing.



HOUSING PARTNERSHIP CANADA - OUR ROLE

Housing Partnership Canada (HPC) plays a unique role in the national housing sector. Our mandate is to promote opportunities for collaboration and building on business practices and approaches to encourage the capacity development of all housing providers.

As part of these efforts, HPC undertakes activities and produces research that explore issues faced broadly by housing providers across Canada and which promote shared learning. Through this work, HPC is able to advance deeper collaboration in Canada's community housing sector and share experience, expertise and good practice to support business transformation. HPC has also made investments both financial and human capital in initiatives to support the sector in the following broad areas: promoting business transformation, sponsoring alternative financing options, investing in talent and peer to peer knowledge mobilization.

HPC has a role to play in using its resources and membership to support innovation and promote new ways of thinking about the future of housing. Details of HPC activities in these areas are outlined in this section.

Promoting Business Transformation

The Business Transformation II study is one several activities undertaken by HPC in the area of business transformation. In 2015, HPC commissioned a Canada-wide study which documented the key attributes of organizations undergoing sector transformation. The Final Report "*Business Transformation; Promising Practices for Social & Affordable Housing in Canada*"

identified the range of new and non-traditional activities that housing providers have undertaken in order to support their longer-term sustainability and viability. Key findings from this study suggest that while many housing providers are initiating business transformation strategies, there is a significant role to be played by the various levels of government to support these strategies. Supporting the growth of the social and affordable housing sector

through access to land, rezoning, expedited approvals are essential, as are removing barriers such as restriction on accessing land equity and laying on regulations that hinder business approaches.

Finally the Report noted the need for capacity development in order for business transformation to take place. It is from that launching point that the current study “Skillsets and Core Competencies to Facilitate Business Transformation in the Non-Profit Community Housing sector” was pursued.

Community Housing Sector- Toolkit of Resources

Leveraging the information garnered from the current study, HPC is considering developing a toolkit of resources to act as a companion to the Final Report. The toolkit resources would be practical documents: presentations, templates, case studies and briefings that could be used by organizations that wish to initiate any of the transformation or change opportunities which were identified in the study, such as a new IT system, board renewal, new staff roles/job descriptions, etc.

Investing in Talent

HPC recognizes the value of the growth of housing professionals and the expertise required to support a sector that is undergoing transformation. Two specific initiatives that HPC has enabled are geared towards coaching and mentorship and connecting housing leaders with housing organizations for action learning.

Housing Professionals Mentorship Program

The outcomes of the Business Transformation I and II study enabled HPC to partner with the Canadian Housing Renewal Association and the Chartered Institute of Housing Canada to establish a Housing Professionals Mentorship Program. The program is designed to provide comprehensive learning, leadership development and mentorship. It connects experienced housing professionals with those entering the housing profession and with housing practitioners seeks to enhance their leadership competencies.

Thinker in Residence Program

HPC sees the importance of supporting practice networks. As part of the opportunities to leverage collective ideas and capabilities, HPC has created a Thinker in Residence Program for housing leaders and senior staff of organizations. The program offers participants one, two or three day an “in-residence” learning exchange between a host organization (an HPC member organization] to share experiences and solutions to key strategic components that impact the operations and management. The objective of this peer-to-peer action learning is support housing professionals to expand their knowledge and professional experience.

Peer to Peer Knowledge Mobilization

HPC is a conduit for knowledge transfer and relationship building nationally. Emphasis is placed on the dissemination of research outputs to the sector through peer-to-peer opportunities - conferences, forums, and webinars. Members of HPC also play an active role in sharing the research findings and best practices, and to encourage the dialogue in the sector on key drivers of business transformation. This also provides

for a deeper engagement between HPC and the wider sector to foster mentoring and developing alliances.

In mobilizing the research outputs from the current study, to date, HPC has participated in the following knowledge transfer activities:

- Canadian Housing Renewal Association 2018
- International Housing Partnership 2018
- Ontario Non-Profit Housing Association 2017 Conference
- British Columbia Non-Profit Housing Association 2017 Conference
- Calgary's National Housing Day Conference – Opening Doors 2017

HPC is also a member of the International Housing Partnership, a collaborative of more than 175 high-capacity housing non-profits from Australia, Canada, the United Kingdom, and the United States, responsible for housing over 2.5 million people.

The purpose of the partnership is to facilitate the dynamic exchange of information and experience among its members, and to foster deeper collaboration and exploration on business practices and the creation of social enterprises. HPC will use its relationship with this broader partnership to not only share the findings from Canada but to identify additional elements of business transformation which may be taking place beyond Canada.



CONCLUDING REMARKS

The passion and commitment in Canada's non-profit community housing sector is impressive. The Business Transformation II study has demonstrated that Canada's non-profit housing sector is on a trajectory of adaptation and change. Housing organizations are transforming the ways in which they manage talent, adjust business practices and invest in organizational development, to "future proof" their businesses.

The study's findings are rich and informative, revealing emerging strategies, skillsets and core competencies to support business transformation. It has showcased what change and transformation looks like in practice and how they are achieved by different organizations. While the research aimed to demonstrate practical solutions, it also highlighted the mechanisms that can guide change; each housing organization however, will need to formulate its own change process.

For HPC the study has broadened our understanding of what underlies the collective capacity of the sector, along with a clearer vision of the adaptation and change that are transforming our business practices into the future. There is however a need to exert influence and ensure that any new policy and structural changes in the non-profit community housing sector advances the sector and promote its value and offer. To this end, HPC has prepared this implications document to highlight tangible areas for practice that can be undertaken by governments, sectors based organizations and the non-profit community housing sector to support transformation.

Housing Partnership Canada encourages sector stakeholders to review this implications document as it will help stimulate ideas for supporting business transformation. Through promoting this ongoing dialogue, the intent is this will show a strong, committed sector that is well equipped for the future and is seen as both positive and proactive by those who have interest in our work and its outcomes.

