The Power of Information

Presented by Olga Tasci

NAHC Conference

October 17, 2014
The Power of Information

Agency Outcomes

Outstanding Results
- Campus Banding: Mean Average Fall N to 91% from 87% in 2017
- Mean Attendance: Best in years 2019
- Higher participation in online learning 2007: 549
  2015: 669

Outstanding Results
- Improved teacher performance
  - Increased by 9%
  - 2017: $3,944
  - 2015: $3,606
- Mean grade in science increased from 78% to 80% in 2007
- 8% improvement in 2007
The Power of Information
Canadian Housing Co-ops

- are small businesses providing an important service to the community
- operate on a not-for-profit basis
- were developed through government programs
- are in receipt of government subsidies supporting low-income households and, under some programs, operations
- are regulated by government until their operating agreements end.
About the Agency for Co-operative Housing

- Started in 2006
- Non-governmental, not-for-profit organization
- Service agreement with Canada Mortgage and Housing
- Owned by the Co-operative Housing Federation of Canada (operates at arm’s length)
Our Mission

The Agency administers co-operative housing programs, deploying risk-based strategies, superior information management and client-centred service to safeguard the public’s investment and help our government and co-operative partners attain their goals.
The Agency’s approach is:

- client-focused
- risk-based
- data-driven
Our Data Source

Co-ops complete our federal Annual Information Return (AIR) within four months of their year end, after their annual financial audit. The form is filed online by the co-op’s auditor.

The Agency also assesses the Physical Conditions Rating for each co-op.
Leading the Way

Until the Agency, little business intelligence on operating performance was available.

By virtue of annual data collection through web-filed AIRs, the Agency has been able to develop a range of information products for its clients and other stakeholders.

No other housing regulator or association routinely gathers data on housing operations in Canada.

Agency Portfolio

551 Co-ops in 4 provinces
33,533 units
The Value of Business Intelligence

Co-ops:
- Better informed decisions
- Opportunities for cost savings
- Marketing support
- Continuous improvement

Lenders:
- Loan monitoring

Sector Organizations:
- Services tailored to needs of their members
- Advocacy

Government:
- Program monitoring & measurement
- Ongoing legacy of past government programs
Information Products: Housing Co-op Clients

Risk Assessment

- Measures a co-ops' financial strength by assessing its capacity to meet its financial obligations as they fall due and provide housing of good quality, now and in the foreseeable future.
- Our risk assessment is based on 3 key indicators as well as further indicators of risk.
Risk Assessment

Leading Indicators
- Liquidity Ratio
- Net-Income Ratio
- Physical Condition Rating
### Leading Indicators

#### Liquidity Ratio

<table>
<thead>
<tr>
<th>Your Score</th>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.35</td>
<td>above 8</td>
<td>above 5 but less than or equal to 8</td>
<td>above 3 but less than or equal to 5</td>
<td>3 or less</td>
</tr>
<tr>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This ratio looks at your co-op’s financial position, measured by how much money you have ready access to. It shows us to what extent you can cover the major bills—your mortgage, property taxes and utilities.

#### Net-income Ratio

<table>
<thead>
<tr>
<th>Your Score</th>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.37</td>
<td>above 1.00</td>
<td>above 0.75 but less than or equal to 1.00</td>
<td>above 0.25 but less than or equal to 0.75</td>
<td>0.25 or less</td>
</tr>
<tr>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This ratio shows whether your co-op is earning enough money to pay its mortgage and operating costs and contribute properly to its replacement reserve.

An EXCELLENT Net-Income Ratio means that your co-op is earning enough money to cover its costs and make a generous contribution to the replacement reserve.

#### Physical-Condition Rating

<table>
<thead>
<tr>
<th>Your Score</th>
<th>Excellent</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.41</td>
<td>4.00 - 5</td>
<td>3.00 - 3.99</td>
<td>2.01 - 2.99</td>
<td>1 - 2.00</td>
</tr>
<tr>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

This rating is updated every two years. It is based on an inspection of your co-op’s property, including the site, building exteriors, internal service and common areas, and any vacant units. The inspection considers your co-op’s appearance, structures and building systems, level of maintenance, and health and safety risks.

A GOOD Physical-Condition Rating means that your co-op is in satisfactory condition. For now, it needs no more than minor repairs or replacements.
Further indicators of risk

- mortgage and/or property tax arrears
- directors in arrears
- inadequate insurance
- contingent liabilities or future commitments
- directors in arrears
- property condition
- loss of assets
Risk Assessment

- A **Low** or **Moderate** composite risk rating gives a co-op the recognition it deserves when it is operating well.
- An **Above-Average** risk rating is a warning signal that a co-op’s financial strength is not what it could be.
- A rating of **High** says that the co-op needs to address its problems without delay if it is to continue operating over the long term.
- A co-op’s trend is also assessed – an indicator of how the co-op’s financial health is changing over time and its prospect for the future.
Risk Assessment Report

Co-ops receive a summary report accompanied by a detailed letter that explains our risk assessment and suggests actions to improve their rating.

<table>
<thead>
<tr>
<th>Your Composite Rating is</th>
<th>Low Risk</th>
</tr>
</thead>
</table>

A rating of Low means that yours is a strong, well-managed housing co-operative. If you continue as you have, you should be able to weather adverse economic or market conditions, pay your bills and fund needed repairs and replacements in the future. Our review noted the following, which affected your rating:

- The co-op is in excellent physical condition.
- You have good combined accumulated earnings and/or reserves
- You are earning enough to pay your bills and set aside a healthy amount in your capital replacement reserve
- You enjoy a good position in the marketplace.
Risk Assessment Report

<table>
<thead>
<tr>
<th>Your Risk Trend</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Weakening</td>
<td>Stable</td>
</tr>
</tbody>
</table>

Your co-operative’s risk profile now includes an assessment of the way your situation appears to be trending. These results show that your circumstances are [Strengthening] [Stable] [Weakening].

<table>
<thead>
<tr>
<th>Next Steps</th>
<th></th>
</tr>
</thead>
</table>

The letter that came with this report sets out the next steps recommended for your co-op.
Co-op Data Report

- A system-generated report, produced annually following AIR validation.
- Eight indicators are available to include in the report.
- The report is easily customized to remove any irrelevant indicators.
- It can be used by a board of directors to better inform the membership on their co-op's performance.
Co-op Data Report

A short narrative explains the results and ranks the co-op in relation to its peers. A line graph tells the co-op where it sits compared to the median of the group.

A bar chart shows the co-op’s year-by-year results, for the last 3 years.

A second bar chart shows the year-by-year median results for the co-op’s peers.
Co-op Data Report

Vacancy Loss

Rental market vacancy rates vary by community. Over the year, your co-op lost 0.9% of its housing revenue to vacant units. Half the co-ops reporting in your area lost less than 0.5% and half lost more. Out of 23 co-ops in your peer group, 16 lost less to vacancies than you did.

As of October 2012, the average vacancy rate for similar rental housing in your area was 1.6%. The X on the line graph marks this point.
Co-op Data Report

Performance indicators include:
- vacancy loss
- arrears and bad debts
- maintenance spending as a % of operating costs and per-unit
- capital replacement reserve balance and contributions
- energy costs
- water and sewerage charges
- administrative spending
- housing charges compared to average market rents.
Co-op Data Report

Capital Replacement Reserve Contributions

Last year, you added $2,480 per unit to your capital replacement reserve from operating revenues. Half of all co-ops that put money in their reserve during the year added more than $1,155 per unit and half added less. You added less to your reserve than 25 of your 506 peers.
Plain Language Financials

- Introduced by the Agency in 2011.
- Available on-line to Agency clients as soon as their AIR is validated.
- Presents the co-op’s financial position in a simplified form using coloured pie charts and a five-year summary overview.
- Uses plain language and graphs to make financial statements more understandable to members with low financial literacy.
Plain Language Financial Statements

- Property taxes, insurance and utilities: 46%
- Maintenance, repairs and security: 3%
- Mortgage and loan payments: 11%
- Administration: 20%
- Set aside for future building repairs: 18%
- Professional fees (e.g., audit): 1%
- Governing our co-op: 1%
- Other expenses: 0%
Plain Language Financial Statements

- 85% Housing charges from members
- 10% Housing-charge subsidies
- 5% Other sources (e.g., parking, laundry)
Information Services for our Stakeholders

Federation Snapshot

- One-page aggregate report highlights 7 performance indicators for co-ops in each federation’s region
- Shows whether co-ops are improving, worsening or stable
- References statistics of federation’s region against province and entire Agency portfolio

Federation Snapshot Report

Canada Mortgage and Housing Corporation (CMHC)

- Quarterly Performance Report
- Quarterly Portfolio Report
- Annual Portfolio Report

Snapshot on Regional Performance

- overall risk profile
- vacancy loss and market conditions
- arrears and bad debts
- capital reserve contributions
- maintenance expense
- administration expense
- directors in arrears
三国备忘录

- Quarterly Performance Report
- Quarterly Portfolio Report
- Annual Portfolio Report

<table>
<thead>
<tr>
<th>Part D: Portfolio Risk Profile at 30 Sep 2013</th>
<th>New since 1</th>
<th>Number at 30 Sep 2013</th>
<th>Per Cent</th>
<th>Number at 30 Sep 2012</th>
<th>Per Cent</th>
<th>Change from 30 Sep 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Portfolio Risk Profile: Overview</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-operatives</td>
<td>6</td>
<td>81</td>
<td>15%</td>
<td>88</td>
<td>13%</td>
<td>13</td>
</tr>
<tr>
<td>Housing units</td>
<td>443</td>
<td>7,008</td>
<td>23%</td>
<td>5,589</td>
<td>17%</td>
<td>1,439</td>
</tr>
<tr>
<td>Geared-to-income units</td>
<td>105</td>
<td>1,689</td>
<td>18%</td>
<td>1,401</td>
<td>13%</td>
<td>458</td>
</tr>
<tr>
<td>Moderate Risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-operatives</td>
<td>12</td>
<td>173</td>
<td>32%</td>
<td>158</td>
<td>29%</td>
<td>17</td>
</tr>
<tr>
<td>Housing units</td>
<td>699</td>
<td>11,023</td>
<td>33%</td>
<td>10,273</td>
<td>31%</td>
<td>752</td>
</tr>
<tr>
<td>Geared-to-income units</td>
<td>209</td>
<td>3,444</td>
<td>33%</td>
<td>3,173</td>
<td>29%</td>
<td>271</td>
</tr>
<tr>
<td>Above-Average Risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-operatives</td>
<td>13</td>
<td>211</td>
<td>39%</td>
<td>221</td>
<td>42%</td>
<td>20</td>
</tr>
<tr>
<td>Housing units</td>
<td>698</td>
<td>10,982</td>
<td>33%</td>
<td>12,275</td>
<td>37%</td>
<td>-1,293</td>
</tr>
<tr>
<td>Geared-to-income units</td>
<td>205</td>
<td>3,488</td>
<td>33%</td>
<td>4,237</td>
<td>39%</td>
<td>-749</td>
</tr>
<tr>
<td>High Risk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Co-operatives</td>
<td>6</td>
<td>81</td>
<td>15%</td>
<td>86</td>
<td>16%</td>
<td>-5</td>
</tr>
<tr>
<td>Housing units</td>
<td>348</td>
<td>4,402</td>
<td>13%</td>
<td>5,039</td>
<td>15%</td>
<td>-637</td>
</tr>
<tr>
<td>Geared-to-income units</td>
<td>103</td>
<td>1,747</td>
<td>17%</td>
<td>1,409</td>
<td>18%</td>
<td>-232</td>
</tr>
</tbody>
</table>
Federation Snapshot Report

- One-page aggregate report highlights 7 performance indicators for co-ops in each federation’s region
- Shows whether co-ops are improving, worsening or stable
- References statistics of federation’s region against province and entire Agency portfolio
# Federation Snapshot

**ANNUAL FEDERATION SNAPSHOT**

Co-operative Housing Association of Eastern Ontario (CHASEO)

## RISK PROFILE

<table>
<thead>
<tr>
<th>Composite risk — weighted risk score</th>
<th>Trend</th>
<th>(29 co-ops)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low 2.5 CHASEO</td>
<td>Improving</td>
<td>34%</td>
</tr>
<tr>
<td>2.5 Ontario</td>
<td>No change</td>
<td>53%</td>
</tr>
<tr>
<td>2.6 Agency Portfolio</td>
<td>Worsening</td>
<td>14%</td>
</tr>
</tbody>
</table>

### ARREARS & BAD DEBT EXPENSE (RECOVERY)

<table>
<thead>
<tr>
<th>Arrears &amp; bad debt expense as percent of occupant share of housing charges</th>
<th>Trend</th>
<th>(29 co-ops)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.3% CHASEO</td>
<td>Improving</td>
<td>28%</td>
</tr>
<tr>
<td>1.6% Ontario</td>
<td>No change</td>
<td>45%</td>
</tr>
<tr>
<td>1.3% Agency Portfolio</td>
<td>Worsening</td>
<td>28%</td>
</tr>
<tr>
<td>0% or recovery</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0% - 1.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5% - 3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; 3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Co-ops with directors in arrears</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,488 Average owed by each director</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Snapshot on Regional Performance

- overall risk profile
- vacancy loss and market conditions
- arrears and bad debts
- capital reserve contributions
- maintenance expense
- administration expense
- directors in arrears
Benchmarking and Good Practices website

A brand new information service: a Benchmarking and Good Practices website expands on information shared through the Co-op Data Report, with more indicators and more options for peer group comparisons. Self-serve website where co-ops can log in, review their performance on 16 indicators and compare it against customized peer groups.

www.homerun.coop

Good practices documented in text or video format serve as inspiration for performance improvement.

Promotes on-line resources from various sources to further guide co-ops to improve their management and overall performance.
A brand new information service: a **Benchmarking and Good Practices** website
Expands on information shared through the **Co-op Data Report**, with more indicators and more options for peer group comparisons
Self-serve website where co-ops can log in, review their performance on 16 indicators and compare it against customized peer groups

**www.homerun.coop**
Good practices documented in text or video format serve as inspiration for performance improvement.

Promotes on-line resources from various sources to further guide co-ops to improve their management and overall performance.
Bridletowne Circle Housing Co-operative

Good Practices in Maintenance

“People just want to live here.”

Who We Are
Bridletowne Circle is a 38-unit townhouse project in Toronto. The co-op is in a desirable area of Scarborough, within walking distance of schools and shopping, and with good transportation links.

Our Story
Twenty years ago our co-op was in financial difficulty. A significant financial loss, along with members reluctant to increase housing charges, meant that we didn’t have the money to replace windows and paving when we needed to. The co-op needed a second mortgage to cover the costs of the repairs. Fortunately, interest rates were low and we were able to complete the necessary work.

Now our co-op has a focus on maintenance that keeps members happy and makes it easy to fill vacant units. We use our building-condition assessments and reserve fund studies (BCARFS) to make plans over a five-year period. We update the BCARFS every three years and complete the work suggested.

The co-op does annual unit inspections. We have a meeting to discuss the maintenance concerns we will focus on most and a follow-up meeting to review the findings and identify problems with the process. Members are encouraged to report all leaks and any other maintenance problems immediately. The members know their concerns will be addressed in a thorough and timely manner.
Dashboard

Insurance Costs Per Unit

Insurance rates depend in part on the claims your co-op makes. You can have some control over your premiums by eliminating hazards and ensuring that your members have their own content and liability insurance.

Compared to: All Agency co-ops

Year ending:

- 30 Sep 2012 (545 co-ops)
  - $600
  - $0
  - $190
  - $182

- 30 Sep 2011 (535 co-ops)
  - $600
  - $0
  - $181

- 30 Sep 2010 (525 co-ops)
  - $600
  - $0
  - $161

- 30 Sep 2009 (517 co-ops)
  - $600
  - $0

Results System

See the co-op's performance on a scale of one to four icons for each indicator. For most indicators, we compare its performance to co-ops' in that peer group. For a couple of indicators, icons are awarded when a co-op meets specific standards set by the Agency.

- 🌟🌟🌟🌟 in the top 15%
- 🌟🌟🌟 in slightly above average
- 🌟🌟 in slightly below average
- 🌟 in the bottom 15%
Target Audiences for the Service

Agency clients (now)
  • Co-op boards
  • Independent staff
  • Management companies

Non-Agency-clients (future)
  • Housing co-operatives overseen by municipal/provincial government
  • Other non-profit housing groups
HomeRun Indicators

Arrears and Bad Debts
Audit Fees
Capital Replacement Reserve Contribution
Capital Reserve Replenishment Ratio
Insurance Costs
Laundry Revenue

Liquidity Ratio
Net-Income Ratio
Overall Capital Reserve Management Score
Parking Revenue
Vacancy Loss

Administration Spending per Unit
Administration Spending Percentage
Annual Change in Gross Housing Charges
Maintenance Spending Per Unit
Maintenance Spending Percent
PLAY THE CO-OP GAME YOUR WAY

See your co-op in a brand new light. Find your solutions in other co-ops’ stories.
This site is brought to you by the Agency for Co-operative Housing.

What is benchmarking?

Benchmarking is all about improving your operations and your bottom line. Seeing your results set against those of your peers will inspire the insights and action ideas your co-op needs to do its best. Here’s how it works. Define a peer group that makes sense to you and test how your co-op has been doing in

What do you mean by good practices?

Good practices are the things a co-op does that get good results. Visit the Good Practices section of this website for co-ops’ stories about methods or approaches that have worked well. Look for ideas that will help you boost your co-op’s housing game.

See your dashboard

Log in to view your Dashboard. A dashboard is a snapshot of your scores on all available performance measures, using our unique scoring system of house icons. A home run is four houses. Check out your co-op’s scores on all benchmarking measures by logging in using your co-op’s unique username

What’s new

Welcome to HomeRun, the website for benchmarking and good practices! This site is a prototype and was developed for our clients by the Agency for Co-operative Housing. We hope the idea will catch on and spread. If your co-op is an Agency client, try benchmarking your results against
Define a Custom Peer Group

By picking from the following points, you can define a custom peer group to compare your co-op with.

Important: If you add more conditions, you reduce the size of your peer group, which may make the comparisons less meaningful. Peer groups need to include at least 5 co-ops. You may have to change your criteria to increase the size of a peer group to at least 5 co-ops.

Co-op Size
- 35 units or less
- 36 to 70 units
- 71 to 105 units
- More than 105 units

Building Type
- Walk-up apartment building(s)
- Elevator apartment building(s)
- Townhouses
- Single family homes, duplexes or triplexes

Management Type
- Management company
- Paid staff
- Paid bookkeeper only
- Volunteers only
- Other

Location
- Province:
  - B.C.
  - Alberta
  - Ontario
  - P.E.I.

- Census Metropolitan Area (CMA):
  - Victoria CMA
  - Vancouver CMA
  - Abbotsford CMA
  - Calgary CMA
  - Edmonton CMA
  - Toronto CMA
  - Ottawa CMA
  - Hamilton CMA
  - Kitchener-Cambridge-Waterloo CMA
  - London CMA
  - Oshawa CMA
  - Windsor CMA
  - Greater Sudbury CMA
  - Co-ops not in any of these CMAs

- City:
  - Victoria
  - Vancouver
  - Burnaby
  - Richmond
  - Calgary
  - Edmonton
  - Toronto
  - Ottawa
  - London
  - Co-ops not in any of these cities

Number of co-ops in custom peer group: 546 (will change as you make selections)
Agency Outcomes

Outstanding Results:

- Co-ops Rated High or Above Average Risk fell to 51% from 61% since 2007
- Median Arrears and bad debt expense (per-unit) decreased by 23%: 2007: $77, 2013: $59
- Fewer co-ops with directors in arrears: 2007: 140, 2013: 69

Outstanding Results:

- Fewer co-op with Vacancy Losses of $250 (per-unit) or more:
  - 2007: 17%, 2013: 14%
- Total Vacancy Loss per co-op fell 37%:
- Median Contribution to Replacement Reserves (per-unit) increased by 62%:
  - 2007: $941, 2013: $1,521

Outstanding Results:

- Median Spending on Maintenance and Capital Repairs increased by 19%:
  - 2007: $2,069, 2013: $2,466
- More co-ops with Good or Excellent Liquidity Ratio: 62% from 57% in 2007
- More co-ops Good or Excellent Net-income Ratio: 81% from 79% in 2007
Outstanding Results

Co-ops Rated High or Above Average Risk fell to 51% from 61% since 2007

Median Arrears and bad debt expense (per-unit) decreased by 23%

2007: $77  2013: $59

Fewer co-ops with directors in arrears

2007: 140  2013: 69
Outstanding Results

Fewer co-op with Vacancy Losses of $250 (per-unit) or more

2007: 17%
2013: 14%

Total Vacancy Loss per co-op fell 37%

2007: $11,338
2013: $7,175

Median Contribution to Replacement Reserves (per-unit) increased by 62%

2007: $941
2013: $1,521
Outstanding Results

Median Spending on Maintenance and Capital Repairs increased by 19%
2007: $2,069  2013: $2,466

More co-ops with Good or Excellent Liquidity Ratio
62% from 57% in 2007

More co-ops Good or Excellent Net-Income Ratio
81% from 79% in 2007
Questions?