

## Chapter 30

# Saskatchewan Housing Corporation—Maintaining Housing Units

### 1.0 MAIN POINTS

The Saskatchewan Housing Corporation (SHC) owns approximately 18,100 housing units across the province. It rents these units to individuals with access or affordability issues to help promote self-sufficiency and independence.

By February 2020, SHC implemented the two outstanding recommendations originally made in our 2012 audit of SHC's processes for maintaining its housing units.

SHC is working to align projected housing needs with having the right amount of housing units in the right communities. It has plans to prioritize maintenance activities for housing units based on housing unit condition to maintain them to a fair condition rating level.

Also, SHC regularly gives senior management sufficiently robust written reports about the maintenance of its housing units. These reports outline housing unit maintenance activities (i.e., planned, unplanned, completed, cancelled, in progress, and not started) during the year. In addition, it regularly provides the Board with information about the financial impact of maintenance.

### 2.0 INTRODUCTION

Under *The Saskatchewan Housing Corporation Act*, SHC is responsible for all matters related to affordable housing including the responsibility to own and maintain rental housing. The Act allows SHC to create public housing authorities to administer, operate and maintain its housing. Public housing authorities must comply with SHC's policies in carrying out their duties.

In 2019, SHC spent \$51.0 million (2018: \$49.2 million) on maintenance and renovation—38 percent (2018: 37 percent) of its total expenses for the year.<sup>1</sup>

This chapter describes our third follow-up of management's actions on the recommendations we made in our *2012 Report – Volume 1*, Chapter 24. The 2012 audit assessed SHC's processes to maintain its housing units. We made four recommendations. The 2014 follow-up audit found all four recommendations outstanding.<sup>2</sup> By 2017, SHC implemented two out of the four recommendations.<sup>3</sup>

To conduct the audit we followed the standards for assurance engagements published in the *CPA Canada Handbook—Assurance* (CSAE 3001). To evaluate SHC's progress

<sup>1</sup> Saskatchewan Housing Corporation 2019 audited financial statements, p. 19.

<sup>2</sup> *2014 Report – Volume 1*, Chapter 26, Saskatchewan Housing Corporation – Maintaining Housing Units. [auditor.sk.ca/publications/public-reports](http://auditor.sk.ca/publications/public-reports)

<sup>3</sup> *2017 Report – Volume 2*, Chapter 43, Saskatchewan Housing Corporation – Maintaining Housing Units. [auditor.sk.ca/publications/public-reports](http://auditor.sk.ca/publications/public-reports)



towards meeting our recommendations, we used the relevant criteria from the original audit. SHC's management agreed with the criteria in the original audit.

To complete this audit, we reviewed SHC's asset management IT system, its written strategy to complete a long-term maintenance plan, and maintenance reports provided to senior management and the Board.

## 3.0 STATUS OF RECOMMENDATIONS

This section sets out each recommendation including the date on which the Standing Committee on Public Accounts agreed to the recommendation, the status of the recommendation at February 29, 2020, and SHC's actions up to that date.

### 3.1 Prioritizing Housing Maintenance for the Longer Term

***We recommended the Saskatchewan Housing Corporation develop a corporate maintenance plan for the medium to long term timeframe.***

(2012 Report – Volume 1, p. 203, Recommendation 3; Public Accounts Committee agreement June 17, 2014)

**Status**—Implemented

SHC is using a 2019 projection report about housing needs as the foundation for finalizing a detailed medium- to long-term strategy about maintaining its housing units. As of February 2020, it had collected information (e.g., condition of units, housing needs) necessary to develop this detailed strategy, and had a clear written plan on key steps it expects to undertake.

Since 2017, SHC keeps information about the condition of each of its housing units. In addition, it aims to meet a Facilities Condition Index (FCI) for building portfolios overall of 10 percent—in fair condition by industry standards.<sup>4</sup> At March 2020, its overall FCI was 15.8 percent—in poor condition; an increase from its overall FCI of 12.1 percent at July 2017.

In 2019, SHC hired a consultant to project and report on the affordable housing needs in Saskatchewan communities over the next fifteen years. At February 2020, it is using this 2019 projection report to determine which housing properties to keep and maintain, or sell. It is also using the report, along with the condition of the properties, to set maintenance priorities for the long term.

Also, in 2019, management provided the Board with a written plan on completing a detailed long-term strategy on maintaining the housing units SHC plans to keep. We found the plan sets out detailed milestones and target dates. The Board expects to receive and approve the long-term strategy in 2021.

<sup>4</sup> Facility Condition Index (FCI) is used in facilities management to provide a benchmark to compare the relative condition of a group of facilities. The lower the FCI the better the condition of the unit. FCI is the amount of deferred maintenance divided by the current replacement value.

Having a medium to long-term maintenance strategy helps control the costs of maintenance and ensure housing units are maintained at the level expected. Doing the right maintenance activity at the right time decreases the risk that housing units may not be suitable for tenants, or provide safe and secure housing. In addition, completing timely maintenance can decrease the extent and cost of future repairs.

### 3.2 Maintenance Reporting Provided to Senior Management and the Board

***We recommended the Saskatchewan Housing Corporation regularly give senior management and the Board appropriate written reports on planned and completed maintenance activities and the overall condition and key risks to the housing units it owns.*** (2012 Report – Volume 1, p. 203, Recommendation 4; Public Accounts Committee agreement June 17, 2014)

#### **Status—Implemented**

SHC provides appropriate reporting on housing maintenance activities to senior management and the Board.

Senior management receives quarterly financial reporting comparing actual planned and unplanned maintenance spending to budget by region.<sup>5</sup>

Also, in October 2019, senior management received a report that SHC expects to prepare annually. The report showed maintenance projects planned, completed, cancelled, in progress, and not started during the year. Where maintenance activities were cancelled, the report contained explanations about why and what was done with budgeted funds instead.

The Board receives reporting on maintenance through its annual review of the SHC budget and quarterly financial reporting. The annual budget provides the Board with three maintenance-funding options, and shows the impact on the overall FCI for each option. Quarterly financial reporting compares estimated to actual spending on maintenance and renovation.

Providing regular reports to senior management and the Board facilitates discussions regarding implications of delayed maintenance and actions to be considered regarding future maintenance activities.

<sup>5</sup> For reporting purposes, SHC categorizes housing by geographical location (i.e., Regina, Saskatoon, Southeast, Western).