

2022

**Report of the Auditor General
to the Nova Scotia
House of Assembly**



**Oversight and Management
of Government Owned Public
Housing: Department of Municipal
Affairs and Housing**



Performance Audit
Independence • Integrity • Impact

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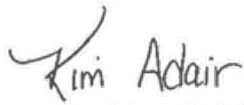
June 21, 2022

Honourable Keith Bain
Speaker
House of Assembly
Province of Nova Scotia

Dear Sir:

I have the honour to submit herewith my Report to the House of Assembly under Section 18(2) of the Auditor General Act, to be laid before the House in accordance with Section 18(4) of the Auditor General Act.

Respectfully,



Kim Adair, FCPA, FCA, ICD.D

Auditor General of Nova Scotia

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Oversight and Management of Government Owned Public Housing

Department of Municipal Affairs and Housing

Overall Conclusions

- Public housing assets are underutilized during a time when waitlists are significant.
- Government does not have an effective governance structure in place for public housing and is failing to provide adequate oversight of the regional housing authorities.
- Inconsistencies in the tenant application and placement processes require improvement to ensure fairness.

Why We Did This Audit

- It is important that eligible Nova Scotians are provided access to public housing in a fair, consistent and timely manner that ensures existing public housing units are used to their maximum potential.
- As of December 31, 2021:
 - 5,950 public housing applicants on the waitlist
 - Average wait time exceeds two years
- 11,202 public housing units throughout Nova Scotia
- 1,254 tenant placements during 2021

Governance and Oversight Severely Lacking in the Delivery of Public Housing

- There has been constant restructuring and change in senior leadership over the past three years.
- The need for a new governance structure is a known issue that requires Government to act.
- The current operating structure has little accountability due to outdated management agreements.
- There are no business plans or reporting requirements at the regional housing authority level.
- The Department does not use available data to evaluate regional housing authority performance.
- The regional housing authority boards have a limited role in oversight and current practices do not support good governance.

Public Housing Application Process Lacks Consistency and Needs Improvement

- Both regular and priority public housing application approvals were missing eligibility and supporting documentation along with reasoning for prioritization decisions.
- Housing authority staff identified weaknesses in application approvals during their annual quality review process. However, no action was taken as a result.
- Applicant placement decisions lack monitoring and review process.
- Housing authorities averaged more than double the 60-day target for placing a new tenant into vacated units.

Housing Authorities Not Adequately Managing Existing Tenants to Maximize Potential Use of Public Housing Units

- The regional housing authorities are not following policies to assess continued eligibility for public housing. This has resulted in tenants living in units that exceed their size requirements, while families remain on the waitlist with average wait times exceeding two years.
- Management estimates over 1,500 units are underutilized.
- Inconsistent tracking and documenting of at least 1,700 tenant related complaints.
- Tenant engagement sessions not completed at the required frequency even before the pandemic forced cancellations, and there is often no evidence of resolution of issues raised by tenants.

Questions Nova Scotians May Want to Ask

1. When does the Department intend to address the need for a new governance structure for housing in NS?
2. Will the Department take action to address over-housing and help to accommodate the many families waiting for access to suitable housing?
3. How does the Department intend to improve accountability from the Housing Authorities?
4. How will the Department ensure a consistent approach to administering public housing across the province including the situations and support required for priority access approval?
5. When will the Department establish processes to document and address tenant issues and complaints?

Reference Guide – Key Findings and Observations

Paragraph	Key Findings and Observations
<i>Governance and Oversight Severely Lacking in the Delivery of Public Housing</i>	
<u>1.16</u>	<u>Housing portfolio in a constant state of restructuring and change at the senior leadership level</u>
<u>1.19</u>	<u>Governance structure a known issue that needs to be addressed</u>
<u>1.27</u>	<u>Inadequate performance measurement and monitoring a long-standing issue for public housing</u>
<u>1.31</u>	<u>Department management failing to hold regional housing authorities accountable</u>
<u>1.33</u>	<u>Public housing policies are not regularly reviewed and updated and contain gaps</u>
<u>1.38</u>	<u>Regional housing authority boards have a limited role in providing oversight</u>
<u>1.40</u>	<u>Regional housing authority board practices do not support good governance</u>
<i>Public Housing Application Process Lacks Consistency and Needs Improvement</i>	
<u>1.43</u>	<u>Incomplete and ineligible applications frequently approved</u>
<u>1.47</u>	<u>Inadequate processes to grant priority access to applicants</u>
<u>1.51</u>	<u>Priority access criteria for homelessness in use without approval and needs to be addressed</u>
<u>1.52</u>	<u>Waitlist management for priority access applicants needs clarification</u>
<u>1.56</u>	<u>Inconsistent application of policies and differences in processes across regional housing authorities</u>
<u>1.59</u>	<u>No process to share common client information with the Department of Community Services</u>
<u>1.62</u>	<u>Unable to verify applicants were at the top of waitlists when offered placement</u>
<u>1.66</u>	<u>Vacant housing units regularly exceed 60-day target between tenants</u>
<u>1.71</u>	<u>Standard lease agreements signed with new tenants; minor deviations noted</u>
<u>1.75</u>	<u>No action taken by the Department or housing authority management on issues identified through the quality assurance process over application decisions</u>
<u>1.78</u>	<u>Applicant and tenant appeal processes inconsistent and not formally documented</u>
<i>Continued Eligibility of Tenants Not Adequately Managed to Maximize Potential Use of Public Housing Units</i>	
<u>1.85</u>	<u>Management estimates over 1,500 public housing units are underutilized and issue is not being addressed</u>
<u>1.92</u>	<u>Status of tenant homeownership after entering public housing not assessed</u>
<u>1.96</u>	<u>Income verification completed to recalculate rent for lease renewals</u>
<u>1.99</u>	<u>No policy for addressing tenant-related issues and concerns within public housing buildings</u>
<u>1.100</u>	<u>Inconsistent tracking and documenting of at least 1,700 tenant complaints</u>
<u>1.102</u>	<u>No policy for public housing complaints made directly to regional housing authority offices</u>
<u>1.105</u>	<u>Tenant engagement initiative not effectively addressing issues</u>

Recommendations and Responses

Recommendation	Department Response
<p>1.1 We recommend the Department of Municipal Affairs and Housing implement an effective governance structure and accountability framework, which includes:</p> <ul style="list-style-type: none"> • establishing clear goals and performance metrics for public housing. • clarifying roles and responsibilities for reporting. • monitoring results internally at regular intervals, and • taking action to determine and address the root cause of poor results. <p><u>See page 22</u></p>	<p>1) The Department of Municipal Affairs and Housing (DMAH) is acting on the Nova Scotia Affordable Housing Commission's recommendation to establish a new governance structure for government owned public housing. Development of options for the legislative framework and implementation plan for the new governance model will be completed in 2022.</p> <p>2) Planning is underway to develop a Housing Authority Policy and Operational Framework and new service standards for public housing, in alignment with the proposed new governance model.</p> <p>The scope of work for this project includes:</p> <ul style="list-style-type: none"> - Establishment of goals and performance metrics for public housing - Definition of roles and responsibilities for reporting, - Proposed schedule and process for internal monitoring of results - Proposed mechanisms to support continuous improvement <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 1) 2022 2) 2024-25</p>
<p>1.2 We recommend the Department of Municipal Affairs and Housing report publicly at regular intervals information necessary for public housing applicants to develop realistic expectations for access to public housing based on prioritization, region, and unit size.</p> <p><u>See page 22</u></p>	<p>Work is underway on a multi-year project to upgrade client service and asset management systems for public housing. Phase 2 of the project, scheduled for completion in fiscal 2022-23, will optimize and transform service delivery across the province and improve data quality. This will lay the foundation for a new front-facing platform that will provide applicants with information needed to develop realistic expectations for access to public housing based on prioritization, region and unit size.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 2022-23</p>
<p>1.3 We recommend the Department of Municipal Affairs and Housing review and update the Housing Authorities Policy Manuals at regular intervals to address required changes and provide direction on identified gaps in policy.</p> <p><u>See page 23</u></p>	<p>Housing Authority Policy Manuals establish policies and procedures related to client eligibility, application waitlist selections and transfers, income verification and rent calculation, property management, lease administration, rent collection and procurement.</p> <p>The scope of work for the review and development of a new policy and operational framework will include a process and schedule for review of policies and procedures at regular intervals to address required changes and provide direction on identified gaps in policy.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 2024-25</p>

Recommendations and Responses

Recommendation	Department Response
<p>1.4 We recommend the Department of Municipal Affairs and Housing assess the role of regional housing authority boards and update the board member handbook and terms of reference, including:</p> <ul style="list-style-type: none"> • board mandate, • appropriate board composition, • appointment process, and • required orientation and training programs. <p>See page 25</p>	<p>A review of roles and responsibilities of Housing Authority Boards is part of the work to develop a proposed new governance model.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 2022-23</p>
<p>1.5 We recommend the Department of Municipal Affairs and Housing assess the eligibility criteria and screening processes used to grant access to public housing, and update policy to adequately address eligibility in a fair and consistent manner.</p> <p>See page 26</p>	<p>1) In June 2021, DMAH implemented a new standardized application assessment process which established consistent service delivery and data entry standards, aligned processes and decision-making with existing operational policy and created metrics and key performance indicators to support continuous improvement on application assessment. By October 2021, it was operational province-wide.</p> <p>2) While this project achieves much of this recommendation, the scope of work for the project to review and develop a new policy and operational framework will include an assessment and update of eligibility criteria and application intake and placement processes. This will ensure eligibility criteria and screening processes used to grant access to public housing adequately address eligibility in a fair and consistent manner across the province.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation:</p> <p>1) Completed 2) 2024-25</p>
<p>1.6 We recommend the Department of Municipal Affairs and Housing review and update the priority access policy, including clarifying:</p> <ul style="list-style-type: none"> • whether approval should be granted based on homelessness or at risk of homelessness, • the qualifications for life sustaining supports, • guidance regarding who should complete the forms and what supporting documentation is needed, and • how suitable units are determined for priority access applicants on the waitlist. <p>See page 28</p>	<p>1) DMAH is taking action to ensure case decision making is consistent with existing priority access policy. Through this work, guidance will be provided to Housing Authority staff on who should complete the forms, what supporting documentation is needed and how suitable units will be identified for priority applicants on the waitlist. It will also clarify the criteria for life sustaining support.</p> <p>2) Additionally, the scope of the project to review and develop a new policy and operational framework will include assessment and recommendations on all existing priority access policies and procedures, including whether priority access should be granted based on homelessness or at risk of homelessness. This will improve clarity on and standardize processes across housing authorities for priority access to public housing.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation:</p> <p>1) 2023-24 2) 2024-25</p>

Recommendations and Responses

Recommendation	Department Response
<p><u>1.7 We recommend the Department of Municipal Affairs and Housing create a process for the consistent administration of public housing application assessments, including an accurate waitlist ranking system and development of service delivery standards.</u></p> <p><u>See page 30</u></p>	<p>1) The standardized application assessment process implemented by DMAH in 2021 has achieved more consistent administration of the public housing application intake, assessment and placement processes.</p> <p>2) Additionally, Phase 2 of the project to upgrade the client service and asset management system for public housing includes the launch of a new online portal where applicants can view the status of their applications online. It will also improve accuracy in waitlist management.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 1) Completed 2) 2022-23</p>
<p><u>1.8 We recommend the Department of Municipal Affairs and Housing work with the Department of Community Services to establish an appropriate routine information sharing arrangement to confirm relevant income and family composition details for applicants and tenants that receive income assistance.</u></p> <p><u>See page 31</u></p>	<p>At the service delivery level, DMAH and Department of Community Services (DCS) staff already share information on applicants and tenants who receive income assistance, however it's inconsistent. The Department will work with DCS to establish a new, more consistent information sharing mechanism to confirm the family composition and income of clients in public housing who receive income assistance.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 2023-24</p>
<p><u>1.9 We recommend the regional housing authorities retain historical waitlist information for new placements to allow for verification of whether the appropriate applicants are being offered units.</u></p> <p><u>See page 31</u></p>	<p>1) System upgrades that are underway will include the functionality required to manage applicant data and generate waitlists that accurately reflect placements according to current waitlist management policy. The upgrade will also enable retention of historical waitlist information for new placements.</p> <p>2) Implementation of the system upgrade, together with updated waitlist management policies and procedures, will provide accountability and assurance that the appropriate applicants are being offered units based on their waitlist positions.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 1) 2022-23 2) 2024-25</p>
<p><u>1.10 We recommend the Department of Municipal Affairs and Housing review and revise existing application intake policies to enforce a consistent process requiring documentation of communications with applicants and tenants, including offers and refusals.</u></p> <p><u>See page 32</u></p>	<p>1) The standardized application assessment process implemented by DMAH in 2021 achieved much of this recommendation by ensuring application intake and placement are followed consistently and efficiently across Housing Authorities. Through this work, service standards were established along with key performance indicators to monitor progress and inform ongoing management of performance.</p> <p>2) Additionally, major upgrades undertaken by the Department to client and asset management system for public housing will include new functionality to improve documentation of the application process. This will enable applicants to apply for public housing and view the status of their applications via the new online portal.</p> <p>3) In the longer term, additional mandatory fields will be created for documentation of communications with existing tenants on applications for unit transfers, including offers and refusals.</p> <p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 1) Completed 2) 2022-23 3) 2024-25</p>







Recommendations and Responses

Recommendation	Department Response
<p>1.11 We recommend the Department of Municipal Affairs and Housing establish a goal to reduce unit turnaround times and implement regular monitoring and public reporting against the target.</p> <p>See page 33</p>	<div>  Department Agrees </div> <div>  Target Date for Implementation: <ol style="list-style-type: none"> 1) Completed 2) 2022-23 </div> <div> <ol style="list-style-type: none"> 1) In May 2022, DMAH issued a directive to Housing Authorities updating definitions on unit vacancy and unit turnaround times to provide clarity on how vacancy rates are calculated relative to the established vacancy target. This aims to improve data quality on unit turnaround times across the province, as well as monitoring and reporting on targets and outcomes. 2) Each Housing Authority has unit turnaround processes and targets. However, work is underway to establish a unit turnaround process that is consistent across Housing Authorities and identifies accountabilities and targets. This will help ensure established targets are met and identify areas for improvement. The major client and asset management system upgrade undertaken by DMAH will further reduce unit turnaround times by streamlining business processes, including job costing, work orders, appliance tracking and inventory and energy management. </div>
<p>1.12 We recommend the Department of Municipal Affairs and Housing review the existing annual application review process, to:</p> <ul style="list-style-type: none"> • clarify what files should be reviewed. • define who should complete the reviews, and • develop a process for creating and monitoring action plans to resolve any identified deficiencies. <p>See page 34</p>	<div>  Department Agrees </div> <div>  Target Date for Implementation: <ol style="list-style-type: none"> 1) Completed 2) 2022-23 3) 2024-25 </div> <div> <ol style="list-style-type: none"> 1) In 2021, DMAH assessed the rate of annual eligibility checks for tenants and waitlisted applicants. A new process was implemented in June 2021 to resolve immediate issues related to confirming continued eligibility of waitlisted applicants. 2) Moving forward, annual eligibility confirmations for tenants will be addressed through upgrades to client and asset management systems. In the new system, automated lists of tenants due for eligibility confirmation will be generated monthly to help ensure staff complete those eligibility checks on schedule. 3) Assessment of annual application review processes will also be included in the broader policy and operational framework review and development project. This will result in the establishment of new annual application review policies, processes and service standards which will be integrated into a new key performance system for public housing. </div>
<p>1.13 We recommend the Department of Municipal Affairs and Housing complete an assessment of all significant processes and develop an organizational approach to quality assurance that includes at a minimum routine tenant placement, priority access placements, and renewals.</p> <p>See page 35</p>	<div>  Department Agrees </div> <div>  Target Date for Implementation: 2024-25 </div> <div> <p>The scope of policy and operational framework review will include establishment of an organizational approach to quality assurance that addresses routine tenant placement, priority access placements and renewals.</p> <p>The Department will implement the new policy and operational framework along with new service standards and mechanisms for monitoring progress that inform ongoing performance management and foster an organizational approach to continuous improvement.</p> </div>

Recommendations and Responses

Recommendation	Department Response
<p>1.14 We recommend the Department of Municipal Affairs and Housing develop and implement a consistent tenant application appeal policy and process, which includes:</p> <ul style="list-style-type: none"> • clarifying how appeals are initiated, • outlining the process for hearing the appeal, and • establishing timelines for providing a response to the appellant. <p><i>See page 36</i></p>	<p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 2022-23</p> <p>DMAH will take immediate action to review existing public housing appeal policies and processes to ensure Housing Authorities have standard and formalized written procedures for hearing appeals and establish transparent timelines for providing responses to appellants. This will provide clarity on:</p> <ul style="list-style-type: none"> - How appeals are initiated - The process for hearing appeals - Timelines for providing responses to appellants
<p>1.15 We recommend the Department of Municipal Affairs and Housing adopt standardized tenant application denial letters that include the rationale for denial and inform the prospective applicant or tenant of the appeal process including how and where to direct appeal requests.</p> <p><i>See page 37</i></p>	<p>✓ Department Agrees</p> <p>📅 Target Date for Implementation: 2022-23</p> <p>In 2021, DMAH launched a project to develop standardized public housing application denial letters across Housing Authorities that include a rationale for denial and inform prospective applicants or tenants of the appeal process, including how and where to direct appeal requests.</p>
<p>1.16 We recommend the Department of Municipal Affairs and Housing implement lease renewal processes that verify the continued eligibility of public housing tenants, including considering whether tenants may be over-housed and whether tenants may own property and take appropriate action when issues are identified.</p> <p><i>See page 39</i></p>	<p>✓ Department Agrees</p> <p>📅 Target Date for Implementation:</p> <ol style="list-style-type: none"> 1) 2022-23 2) 2024-25 <p>1) DMAH is taking action to review existing lease renewal policies and processes and ensure they are implemented efficiently and effectively across all Housing Authorities. This includes determining whether tenants may be over-housed or continue to own property and working with staff and key stakeholders to ensure appropriate action is taken when issues are identified.</p> <p>2) The scope of the policy and operational framework review and development process will include proposed new lease renewal and tenant management policies and procedures.</p>
<p>1.17 We recommend the Department of Municipal Affairs and Housing, in collaboration with the regional housing authorities, develop and implement:</p> <ul style="list-style-type: none"> • a process and guidance for documenting and addressing tenant-related issues within public housing buildings, and • a process to report ongoing trends, and unique or significant tenant-related issues, to regional housing authority management. <p><i>See page 41</i></p>	<p>✓ Department Agrees</p> <p>📅 Target Date for Implementation:</p> <ol style="list-style-type: none"> 1) 2022-23 2) 2024-25 <p>1) Work underway to upgrade client service and asset management system for public housing will create new, streamlined tenant management processes for implementation across Housing Authorities. This will include new functionality for documentation of tenant-related issues within public housing buildings, tracking and reporting ongoing trends and addressing unique tenant-related issues to Housing Authority management.</p> <p>2) The scope of the project to review and develop a new policy and operational framework will also include a new tenant management approach that provides processes and guidance for:</p> <ul style="list-style-type: none"> - Documenting and addressing tenant-related issues - Reporting on ongoing trends and unique or significant tenant-related issues to management

Recommendations and Responses

Recommendation	Department Response
<p>1.18 We recommend the Department of Municipal Affairs and Housing, in collaboration with the regional housing authorities, develop and implement a public housing complaint resolution process, including controls and service standards around receiving, documenting, and responding to complaints.</p> <p>See page 41</p>	<div>  Department Agrees </div> <div>  Target Date for Implementation: 1) 2022-23 2) 2024-25 </div> <div> <p>1) Major upgrades currently underway to the client service and asset management system for public housing will include new functionality for documenting complaints and inquiries from tenants, assign staff members to address them and monitor progress on responding to complaints.</p> <p>2) Additionally, the project to review and develop a new policy and operational framework will include collaboration with Housing Authority staff and key stakeholders on updates needed to the complaints resolution process, including controls and service standards around receiving, documenting and responding to complaints.</p> </div>
<p>1.19 We recommend the Department of Municipal Affairs and Housing, in collaboration with the regional housing authorities, review the tenant engagement initiative to clarify the purpose and frequency requirements of engagement sessions.</p> <p>See page 42</p>	<div>  Department Agrees </div> <div>  Target Date for Implementation: 2024-25 </div> <div> <p>The project to review and develop a new policy and operational framework will include collaboration with Housing Authority staff on review of the tenant engagement initiative to clarify the purpose and frequency requirements of engagement sessions.</p> </div>
<p>1.20 We recommend the Department of Municipal Affairs and Housing develop a management review process to hold staff accountable in addressing issues identified by tenants at engagement sessions.</p> <p>See page 42</p>	<div>  Department Agrees </div> <div>  Target Date for Implementation: 2023-24 </div> <div> <p>Planning is underway to develop a management review process for addressing issues identified by tenants.</p> </div>

1 Oversight and Management of Government Owned Public Housing: Department of Municipal Affairs and Housing

Background and Scope

What is public housing?

- 1.1 Public housing is government owned housing intended to provide safe, affordable rental options to eligible low-income Nova Scotians, including families and seniors.

Who is responsible for administering public housing?

Department of Municipal Affairs and Housing – Public Housing Policy and Oversight

- 1.2 The Department of Municipal Affairs and Housing has the overall responsibility for housing initiatives within the province, including public housing.
- 1.3 The Department is responsible for all policy decisions and maintains Housing Authorities Policy Manuals, which the regional housing authorities must follow.

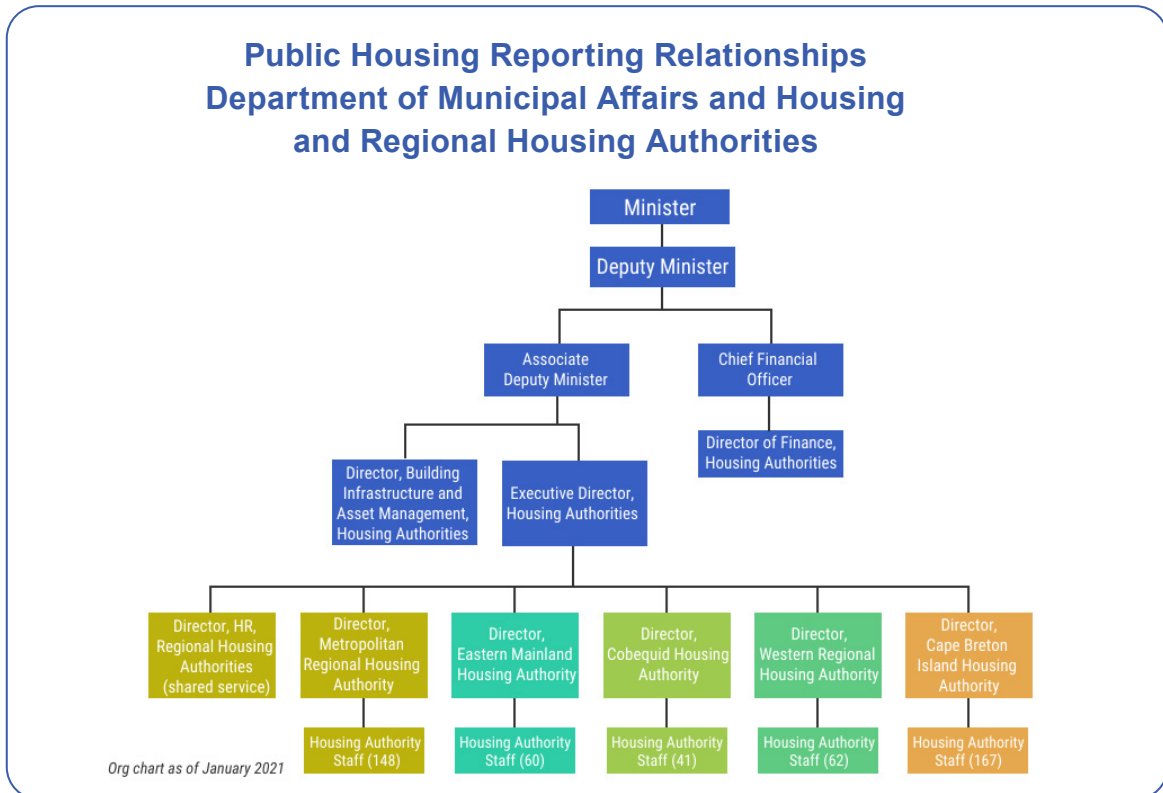
Housing Nova Scotia – Property Owner

- 1.4 Housing Nova Scotia, a government unit established through the Housing Nova Scotia Act in 2013, is the responsibility of the Minister of Municipal Affairs and Housing. While Housing Nova Scotia has no direct employees, staff from the Department of Municipal Affairs and Housing are appointed to carry out management and administration functions.
- 1.5 Housing Nova Scotia has control of all public housing units in the province. Funding associated with administering public housing flows through Housing Nova Scotia. The operations of the regional housing authorities are reported in the financial statements of Housing Nova Scotia.
- 1.6 The Housing Nova Scotia Act does not specifically outline a relationship with the regional housing authorities. However, the objectives of the Corporation include owning, maintaining, managing, and operating housing projects.

Regional Housing Authorities – Manage Daily Operations of Public Housing

- 1.7 The Housing Act outlines that Government can establish a regional housing authority and provide it the power to manage, operate and maintain public housing. The Minister responsible for Housing retains the general management, supervision, and authority over any housing authority.
- 1.8 There are currently five regional housing authorities: Metropolitan Regional, Cape Breton Island, Cobequid, Eastern Mainland, and Western Regional.

- 1.9 Each housing authority is led by a director appointed by the Minister. Each director is responsible for the operations of the public housing units in the region, and reports directly to the Executive Director, Housing Authorities at the Department. Housing authority staff manage day-to-day issues such as applications to public housing, waitlists, leases, tenant issues, and property maintenance.
- 1.10 The Director and all staff are employees of their respective housing authority. The approximately 500 housing authority staff include members of five unions with nine different collective agreements, in addition to supervisory and management positions.

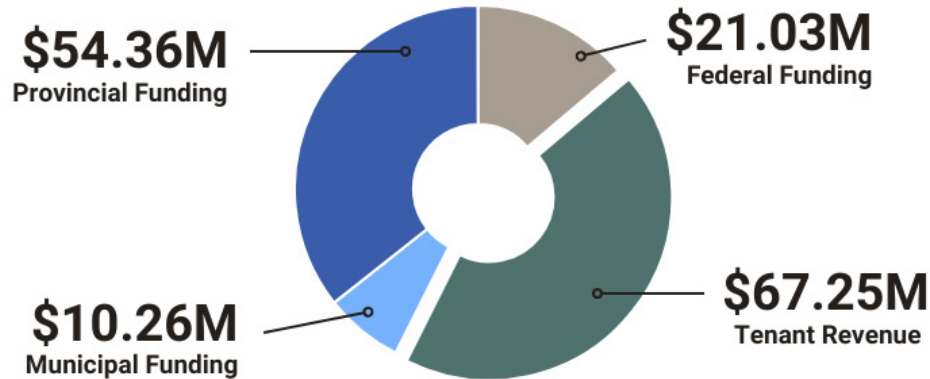


Source: Office of the Auditor General, Nova Scotia

How much does public housing cost the province?

- 1.11 Rent is charged to tenants at lower than market rates based on total household income. However, expenses to operate public housing greatly exceed the amount of revenue generated from rental income. This results in an annual net operating loss that is covered by public funds.
- 1.12 In 2020-21, the net operating loss was \$85.65 million, equaling 56% of total housing authority expenses of \$152.9 million. Net operating losses are subsidized by federal, provincial, and municipal governments.

Regional Housing Authorities Revenues and Expenses Total 2020-21 Expenses of Regional Housing Authorities: \$152.9M

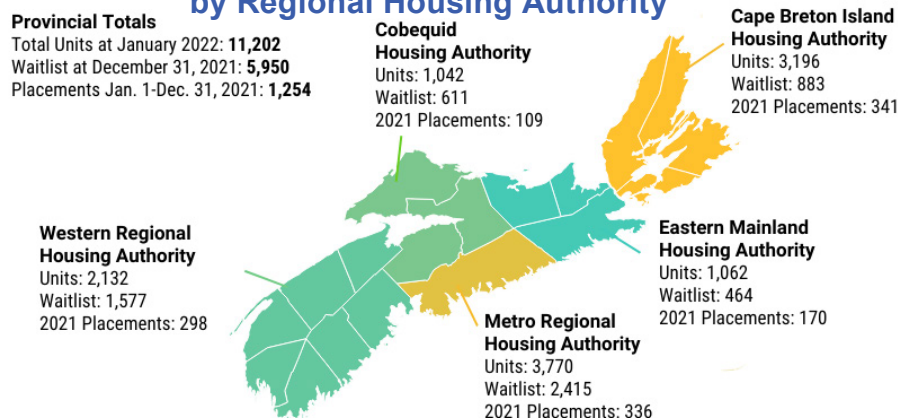


Source: Department of Municipal Affairs and Housing - unaudited

How many public housing units does the province own and what is the demand?

- 1.13 The full public housing portfolio consists of 11,202 units with an average age of approximately 40 years old. Housing Nova Scotia has assessed that its existing buildings are on average in fair condition, using a facility management software that is an industry standard approach for assessing asset condition. However, the Province also recognizes that many assets are aging and will require maintenance and upgrades moving forward. Building condition was not included as part of this audit.
- 1.14 There were 5,950 applicants on the waitlist for public housing as of December 31, 2021. This is more than half the total number of units in the province. Management has indicated the wait time for placement averages about two years, although this can be much higher depending on the location and size of unit required.

Public Housing Unit and Waitlist Numbers by Regional Housing Authority



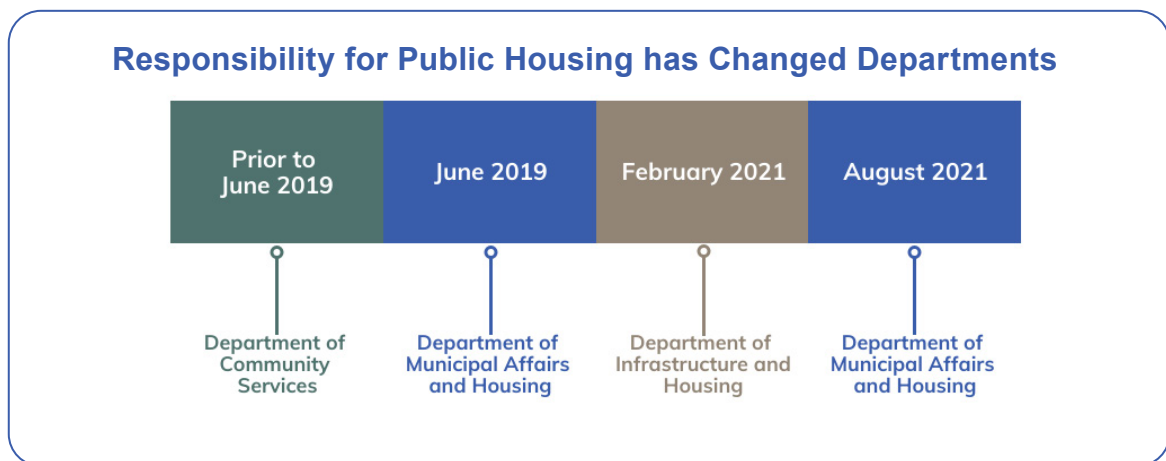
Source: Office of the Auditor General, Nova Scotia

- 1.15 We performed detailed testing of the administration of public housing, including the application and placement processes, and ongoing tenant management, at three of the five regional housing authorities: Metropolitan Regional (Metro), Cape Breton Island (Cape Breton), and Cobequid. While we did not perform testing at Eastern Mainland and Western Regional, the recommendations made apply to all public housing across the province. Our audit period covered a two-year period of January 1, 2019 to December 31, 2020.

Governance and Oversight Severely Lacking in the Delivery of Public Housing

Housing portfolio in a constant state of restructuring and change at the senior leadership level

- 1.16 The Department of Municipal Affairs and Housing currently has the overall responsibility for housing initiatives within the province, including oversight of Housing Nova Scotia. However, responsibility for provincial housing has moved around due to departmental restructuring three times since June 2019.



Source: Office of the Auditor General, Nova Scotia

- 1.17 Each restructuring has involved a new Minister and there have been five Deputy Ministers responsible for the housing portfolio over the three-year period from January 1, 2019 to December 31, 2021. During this same period the Executive Director, Housing Authorities has directly reported to numerous senior leaders, including five different people in five different positions.
- 1.18 A lack of consistent leadership makes it difficult to have a clear strategy and move projects forward. Every change at the senior leadership level involves a significant amount of briefing and getting new leadership up to speed on the portfolio and the issues and challenges faced by staff.

Governance structure a known issue that needs to be addressed

- 1.19 Both internal documents and multiple independent reports indicate a new governance model is necessary for public housing, and this is further supported by the weaknesses identified throughout this report. Ultimate responsibility for public housing rests with the Department of Municipal Affairs and Housing and the Department needs to take action to improve governance and create a culture of accountability for public housing.
- 1.20 Over the past quarter century, the Departments responsible for public housing have been amalgamating housing authorities and moving towards a more centralized approach to deliver

public housing. The number of regional housing authorities has decreased from 18 in 1997 to the existing five regional housing authorities.

- 1.21 The Director of Cape Breton Island Housing Authority has also been acting as the Director of Eastern Mainland Housing Authority since February 2019 under a long-term arrangement. The rationale for this decision included a recommendation that housing authority amalgamation options be studied to advocate for an improved governance model that supports objectives of efficiency, effectiveness, and economy for the delivery of public housing.
- 1.22 A governance options analysis of Housing Nova Scotia was completed by an external consultant in Fall 2019. The consultant found that Housing Nova Scotia had been operating in a state of ambiguity for several years caused by an unclear governance structure and recommended clarifying and reforming its governance model. This analysis looked at current challenges and proposed different governance model options for Housing Nova Scotia to consider.
- 1.23 The Minister of the Department of Municipal Affairs and Housing also launched the Nova Scotia Affordable Housing Commission in Fall 2020 to bring together a group of experts to make recommendations about affordable housing strategies and actions.
- 1.24 The Commission released its report and recommendations in Spring 2021. The first recommendation was to establish an arm's length independent provincial housing entity. The Commission found that the current public housing model is unsustainable, and that an inclusive independent board of directors is necessary for the provincial housing organization to focus on action and delivery.
- 1.25 The mandate letter issued to the Department of Municipal Affairs and Housing in September 2021 directed the Minister to work with the Commission to implement the recommendations from the report.
- 1.26 The recommendations throughout this report will not solve the issue of limited public housing inventory. However, with increasing demand and growing waitlists, strong governance and oversight is essential so that existing public housing units are used efficiently and effectively. That is currently not the case. Regardless of what changes Government decides to make to the governance structure for public housing, integrating and implementing the following recommendations into the structure will improve public housing operations.

Inadequate performance measurement and monitoring a long-standing issue for public housing

- 1.27 We recommended in the [June 2007 Regional Housing Authorities Audit](#) and again in the [November 2010 Rent Supplement Housing Audit](#) that the Department of Community Services establish performance measures and targets for the regional housing authorities, and that performance against these targets be assessed on a regular and timely basis. Despite these previous recommendations, we continue to find the performance measurement and monitoring process is not adequate.
- 1.28 The Department developed a limited list of performance measures which were added to the Housing Authorities Policy Manuals in 2017. Performance measures include, for example, a 3% maximum vacancy rate target and 60-day vacant unit turnaround time.
- 1.29 The Department is not effectively utilizing public housing data. The Department's ability to independently access housing authority data means that it doesn't need to request this information

from the Directors, yet there is no evidence this information is used as an accountability tool. For example, average turnaround time far exceeds targets, but there has been no work done to assess why or how it could be reduced. This will be discussed later in the report.

- 1.30 There is also no publicly available performance reporting or information outlining waitlists, vacancy rates or turnaround times. This information is of great significance to those awaiting a placement in public housing and should be made available to the public. Publicly reporting on this information also enhances accountability of the Department in delivering public housing that is responsive to Nova Scotians' needs.

Department management failing to hold regional housing authorities accountable

- 1.31 Formal accountability requirements are lacking for Department oversight of the regional housing authorities. Where accountability mechanisms exist, they are largely outdated or are not functioning as intended. Examples of weaknesses in accountability include:



- **Outdated management agreements** – Department management indicated that the role of the housing authorities is established through management agreements between the Department and each regional housing authority for the day-to-day management of the public housing properties in their respective regions. The Department was only able to locate management agreements for two of the five regional housing authorities, both dated in 2004 with no subsequent updates. These agreements should be sufficiently detailed to be useful to Department management in holding regional housing authorities accountable and require regular review and updates.
- **Outdated building-specific operating agreements** – In addition to the management agreements, there are building-specific agreements with the regional housing authorities that were signed at the completion of construction of buildings that included federal funding. These agreements outline terms for the rental of units by the regional housing authorities and the share of net operating losses to be paid by the municipalities. There is no end date to these agreements, and they have not been reviewed or updated since they were initially signed. However, there are many outdated components including terminology that no longer exists and changes to budgeting processes. While the federal and municipal governments are also party to the agreements, it is the Department's responsibility to monitor the compliance of the regional housing authorities which it cannot do when the agreements do not reflect current day practices.
- **No business plans or accountability reporting** – The regional housing authorities are not responsible to provide any business planning or annual accountability reporting against established targets to Housing Nova Scotia or the Department of Municipal Affairs and Housing. Housing Nova Scotia previously had an independent business plan and completed accountability reports. However, these processes have not been completed since the portfolio moved to the Department of Municipal Affairs and Housing in June 2019. While the previous Housing Nova Scotia accountability reporting still required improvement, the change further reduced the amount of published information specific to public housing operations.
- **Director performance evaluations not completed** – The Executive Director, Housing Authorities is responsible to complete performance evaluations for the directors of the

regional housing authorities. The performance management process involves setting specific and measurable goals in several theme areas to hold directors accountable for the performance of the housing authority. There were no performance evaluations completed for 2019/20 or 2020/21.

- **No minutes for meetings between the Department and Regional Housing Authorities** – The Executive Director, Housing Authorities meets twice weekly in a group setting with the Directors of the regional housing authorities and the Director of Human Resources, Housing Authorities to discuss current issues. There is a high-level list of standing agenda items. However, there are no minutes from these meetings to support issues discussed and actions to be taken. Therefore, it is unclear what level of accountability is maintained through these meetings.

1.32 While the close working relationship between the Executive Director at the Department and the Directors of the regional housing authorities was evident during our audit work, this open discourse and access to information from the regional housing authorities has created an overly informal accountability environment. There is significant opportunity for things to slip through the cracks and even known issues to go unaddressed for significant periods of time.

Recommendation 1.1

We recommend the Department of Municipal Affairs and Housing implement an effective governance structure and accountability framework, which includes:

- establishing clear goals and performance metrics for public housing,
- clarifying roles and responsibilities for reporting,
- monitoring results internally at regular intervals, and
- taking action to determine and address the root cause of poor results.

Department of Municipal Affairs and Housing Response: Agree.

- 1) *The Department of Municipal Affairs and Housing (DMAH) is acting on the Nova Scotia Affordable Housing Commission's recommendation to establish a new governance structure for government-owned public housing. Development of options for the legislative framework and implementation plan for the new governance model will be completed in 2022.*
- 2) *Planning is underway to develop a Housing Authority Policy and Operational Framework and new service standards for public housing, in alignment with the proposed new governance model.*

The scope of work for this project includes:

- *Establishment of goals and performance metrics for public housing*
- *Definition of roles and responsibilities for reporting,*
- *Proposed schedule and process for internal monitoring of results*
- *Proposed mechanisms to support continuous improvement*

Target Date: 1) 2022; 2) 2024-25

Recommendation 1.2

We recommend the Department of Municipal Affairs and Housing report publicly at regular intervals information necessary for public housing applicants to develop realistic expectations for access to public housing based on prioritization, region, and unit size.

Department of Municipal Affairs and Housing Response: Agree. Work is underway on a multi-year project to upgrade client service and asset management systems for public housing. Phase 2 of the project, scheduled for completion in fiscal 2022-23, will optimize and transform service delivery across

the province and improve data quality. This will lay the foundation for a new front-facing platform that will provide applicants with information needed to develop realistic expectations for access to public housing based on prioritization, region and unit size. Target Date: 2022-23

Public housing policies are not regularly reviewed and updated and contain gaps

- 1.33 The Department of Municipal Affairs and Housing is responsible for the Housing Authorities Policy Manuals, and it guides operations through policy and directives. Many sections of the Housing Authorities Policy Manuals were revised in June 2016; however, there are sections that have not been reviewed or updated since October 2011.
- 1.34 During our work, we noted a draft policy update for priority access criteria has been awaiting Ministerial approval since 2018. The Executive Director last requested these policy updates move forward in Fall 2020. However, there has been no progress.
- 1.35 We also noted that the Executive Director provided direction to the regional housing authorities to implement the draft priority access criteria of homelessness or at risk of homelessness as an exception to policy.
- 1.36 Direction to implement draft policies is a concerning practice, and in this case has led to inconsistent application across the province, which we will discuss in further detail later in this report. The fact that policy updates require Ministerial approval has likely made it challenging to make amendments over the past several years with the changes in senior leadership. It is imperative that the Department conducts regular policy reviews to maintain and increase efficiency and effectiveness at the regional housing authorities, regardless of competing priorities at the Department.
- 1.37 We also identified several areas of policy gaps while we were completing our work. Inadequate guidance leaves too much discretion in decision making when the treatment of each applicant should be consistent across the province. Examples of policy gaps include:
 - Waitlist management practices, including how applicant housing offer refusals are documented, and when regional housing authorities can move onto the next applicant if the person at the top of the waitlist is unresponsive.
 - How a chronic vacancy is defined, which is important, as a unit deemed to be chronically vacant can be filled outside of normal practices.
 - How regional housing authority boards should document decisions when they choose to approve an exception that does not follow policy, and the process for these decisions to be reviewed by the Department.

Recommendation 1.3

We recommend the Department of Municipal Affairs and Housing review and update the Housing Authorities Policy Manuals at regular intervals to address required changes and provide direction on identified gaps in policy.

Department of Municipal Affairs and Housing Response: Agree. Housing Authority Policy Manuals establish policies and procedures related to client eligibility, application waitlist selections and transfers,

income verification and rent calculation, property management, lease administration, rent collection and procurement.

The scope of work for the review and development of a new policy and operational framework will include a process and schedule for review of policies and procedures at regular intervals to address required changes and provide direction on identified gaps in policy. Target Date: 2024-25

Regional housing authority boards have a limited role in providing oversight

- 1.38 Each regional housing authority has a volunteer board composed of a representative from each municipality in the region, two provincial representatives nominated by the Minister and two tenant representatives. These boards are not an oversight body in the traditional sense. For example, they do not have responsibility for the strategic direction of the regional housing authority or the power to make policy decisions, nor do they evaluate the performance of the Directors. They are responsible for approving staff decisions regarding housing applications, tenant transfers, evictions, and non-renewal of leases. They are also responsible for hearing tenant appeals and providing advice on other tenant matters.
- 1.39 While there are representation requirements, as noted above, there are no specific skill requirements. For example, the board might specify a need for community services, health sector, or other specific industry experience or education requirements. Each regional housing authority board must include provincial, municipal and tenant representatives. Municipalities nominate their representatives, and the board nominates tenant representatives. The Minister appoints provincial representatives. However, two of the five boards had no provincial board members at the time of the audit.

Regional housing authority board practices do not support good governance

- 1.40 We also found that the regional housing authority boards do not have a formally documented orientation or education process to ensure that members are sufficiently informed on policies and decision-making criteria. While there is a board member handbook which outlines the terms of reference and guidance to board members, it has not been updated since 2010 and is significantly out of date.
- 1.41 We found that recommendations to the board are not presented in a consistent manner and are mainly defended verbally by staff. Due to this approach, and limited documentation regarding the rationale for approvals in board minutes, there were many decisions approved by the board where the documentation did not support the decision based on policy. Board decisions can include complex issues, for example, whether a letter received from a doctor is adequate to support a life-sustaining requirement for housing. Examples of decisions with inadequate support will be discussed later in the report.
- 1.42 While the activities of the board should provide an extra layer of assurance that tenant-related decisions are made in line with policy, the current board framework is not sufficient to achieve the desired outcome of supporting the effective management of public housing. Especially now with the growing pressures on public housing, the emphasis on following policy and clearly documenting support for decisions needs to be heightened.

Recommendation 1.4

We recommend the Department of Municipal Affairs and Housing assess the role of regional housing authority boards and update the board member handbook and terms of reference, including:

- board mandate,
- appropriate board composition,
- appointment process, and
- required orientation and training programs.

Department of Municipal Affairs and Housing Response: Agree. A review of roles and responsibilities of Housing Authority Boards is part of the work to develop a proposed new governance model. Target Date: 2022-23

Public Housing Application Process Lacks Consistency and Needs Improvement

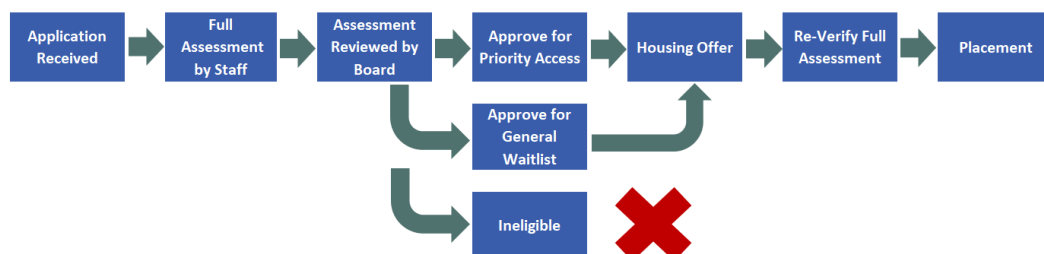
Incomplete and ineligible applications frequently approved

1.43 The Housing Authorities Policy Manuals establish clear eligibility criteria for granting access to public housing, which are to be assessed through the application assessment process. Eligible applicants must:

- be legal residents of Canada or landed immigrants,
- meet municipal residency requirements (resident of municipality where unit located for 12 consecutive months during the past 23 months or resided in the municipality for a period of 60 consecutive months of their adult life), and
- have a household income which falls within specified limits.

1.44 All applicants must complete a standard application form to access public housing, which includes basic personal information and more detailed information to assess the eligibility criteria. The application intake and placement process in place during our audit period is outlined below. Upon receipt of an application, a full assessment is completed by staff, including obtaining supporting documentation to verify monthly gross household income. In Fall 2021, this process was updated to delay the need for a full assessment with supporting income documentation until the applicant is offered a placement. This was due to the duplication of work and the changes that can occur to applicant situations during long wait times between application and placement.

Overview of Public Housing Application Intake and Placement Process



Source: Office of the Auditor General, Nova Scotia

1.45 During our examination of 150 new applications received at the regional housing authorities, we noted instances where incomplete or ineligible applications were presented to, and approved by, the regional housing authority boards. Out of the 150 new applications we tested, 132 were ultimately approved. Issues we identified regarding eligibility in the approved applications included:

- **Municipal residency requirement regularly not confirmed** – 54 approved applicants did not provide sufficient information to confirm whether the municipal residency requirement was met. There is no field on the application form to specify in which municipality applicants currently reside or how long they have resided there. Instead, residency can only be assessed if the applicant provides their previous tenancy history or through follow-up conversations. Management at Cape Breton and Cobequid indicated that they do assess municipal residency through verbal conversations, but it's not consistently documented in the applicant's file. In contrast, management at Metro indicated that they do not confirm municipal residency and focus instead on whether provincial residency exists.
- **Gross monthly income often exceeds household income limits** – 23 approved applicants exceeded household income limits. One explanation from management for this occurrence was that seniors trying to plan for retirement often apply before their income decreases. We were told this happens due to the anticipated long wait times for accessing public housing units. While this is a known issue, it is not documented nor reflected in policy, which may result in inconsistent treatment of applicants. These applicants may also be approved and re-evaluated at the time of placement when updated income information is provided or be approved as a non-standard application.

1.46 It is problematic that applicants without complete applications and who may not meet eligibility criteria are being approved, as this reduces the number of available units for people that qualify for them. Additionally, inconsistent practices across the province could cause identical applicants to be approved in one regional housing authority and denied in another. Applicants should be assessed the same regardless of regional housing authority, and only be approved for access if they meet eligibility criteria.

Recommendation 1.5

We recommend the Department of Municipal Affairs and Housing assess the eligibility criteria and screening processes used to grant access to public housing, and update policy to adequately address eligibility in a fair and consistent manner.

Department of Municipal Affairs and Housing Response: Agree.

- 1) *In June 2021, DMAH implemented a new standardized application assessment process which established consistent service delivery and data entry standards, aligned processes and decision-making with existing operational policy and created metrics and key performance indicators to support continuous improvement on application assessment. By October 2021, it was operational province-wide.*
- 2) *While this project achieves much of this recommendation, the scope of work for the project to review and develop a new policy and operational framework will include an assessment and update of eligibility criteria and application intake and placement processes. This will ensure eligibility criteria and screening processes used to grant access to public housing adequately address eligibility in a fair and consistent manner across the province. Target Date: 1) Completed; 2) 2024-25*

Inadequate processes to grant priority access to applicants

- 1.47 Priority access allows certain applicants to be placed at the top of waitlists if they are in one of the following situations:

Priority access allowed for applicants in one of the following situations:



They are victims of family violence



They are living in inadequate housing which poses an immediate health or safety risk



They require life sustaining medical supports

- 1.48 To be granted approval for priority access, applicants must apply using one of three forms to outline their situational requirement. The forms are required to be completed by a third party with additional supporting documentation provided. For example, those requiring life sustaining medical supports are also required to submit a medical specialist's report. However, the manual does not provide guidance regarding which medical conditions would fall under this category. We also noted that the form for those living in inadequate housing indicates that it is to be completed by fire, building and/or health inspectors. However, management at Metro indicated that the fire department will not sign the form. Further guidance is required regarding who can complete the forms, under which situations, and that requirements are reasonably possible to meet, to ensure only those most vulnerable are granted priority access.
- 1.49 Through our testing of 150 applications (50 per regional housing authority audited), we identified 37 approved priority access applications (Metro 24, Cobequid 9 and Cape Breton 4). We found that 20 of the 37 approved priority applicants did not include appropriate written third-party support as required by policy (Metro 15, Cobequid 2, Cape Breton 3). For example, we observed instances where forms were completed but were not accompanied by additional supporting documentation; were completed by the applicants themselves; or sometimes not completed at all. All of these decisions were approved by the regional housing authority boards. One approval was noted as *'approved based on compassionate grounds,'* however it is unclear why the others were approved.
- 1.50 Of the 37 approved priority access applicants we tested, 18 remained active and unplaced as of Fall 2021. Average wait times for a sample of 60 placements are detailed later in the chapter.

Priority access criteria for homelessness in use without approval and needs to be addressed

- 1.51 As discussed earlier in the report, the draft Priority Access Policy including homelessness and being at risk of homelessness has not been formally approved by the Minister. This category differs from inadequate housing (when applicants have permanent housing that is determined to be unsafe) as it pertains to applicants who do not currently occupy permanent housing or who are at risk of losing their existing housing. Eleven of 24 applicants that were approved for priority access at Metro were approved under this category. It is unclear whether these applicants should have been granted priority access, as this criterion has not yet been formally approved.

Waitlist management for priority access applicants needs clarification

- 1.52 We also found that waitlist management practices are not being followed. The Housing Authorities Policy Manuals indicate when an applicant is approved for priority access, they are to be placed at the top of the waitlist for all regional housing authority units matching their required household size. Only priority access applicants approved for life sustaining support reasons may be placed on the list for a specific building or community to ensure they are placed in a location near a hospital.
- 1.53 However, priority access applicants are not consistently placed on all waitlists that fit their needs within their municipality. Staff indicated that this may be to accommodate family preference for schools, social supports, or simply area preference. Nevertheless, this violates the existing policy.
- 1.54 The policy also notes that if a priority access applicant rejects a suitable unit in the region, they are supposed to lose this status. If exceptions to this rule continue to be made, this should be formalized to ensure equal treatment to all applicants. This would mean defining what is involved in determining suitability of a unit, who determines suitability, and how those decisions are documented.
- 1.55 Overall, these findings are extremely troublesome as priority access was designed to ensure applicants in greatest need are offered the first available unit. It is imperative that regional housing authorities ensure priority access approval is adequately supported to avoid inflating the number of priority access applicants on waitlists and ensure only those that meet the criteria are granted approval. When a substantial number of applicants are granted priority access, it not only increases the wait time for other priority access applicants, but it also makes it harder for the regional housing authorities to place general applicants.

Recommendation 1.6

We recommend the Department of Municipal Affairs and Housing review and update the priority access policy, including clarifying:

- whether approval should be granted based on homelessness or at risk of homelessness,
- the qualifications for life sustaining supports,
- guidance regarding who should complete the forms and what supporting documentation is needed, and
- how suitable units are determined for priority access applicants on the waitlist.

Department of Municipal Affairs and Housing Response: Agree.

- 1) *DMAH is taking action to ensure case decision making is consistent with existing priority access policy. Through this work, guidance will be provided to Housing Authority staff on who should complete the forms, what supporting documentation is needed and how suitable units will be identified for priority applicants on the waitlist. It will also clarify the criteria for life sustaining support.*
- 2) *Additionally, the scope of the project to review and develop a new policy and operational framework will include assessment and recommendations on all existing priority access policies and procedures, including whether priority access should be granted based on homelessness or at risk of homelessness. This will improve clarity on and standardize processes across housing authorities for priority access to public housing. Target Date: 1) 2023-24; 2) 2024-25*

Inconsistent application of policies and differences in processes across regional housing authorities

1.56 The regional housing authorities do not consistently apply policies and applicable criteria when receiving, assessing, and approving public housing applications. Observed policy and practice discrepancies between regional housing authorities included:

- **Acknowledgment letters not sent** – In 102 of 150 (68%) applications, no letter acknowledging receipt of the application, as required by policy, was sent. The Amherst site office at Cobequid indicated this is never sent as many applications are dropped off in person at their site office.

- **Inaccurate waitlist ranking** – All applications are expected to be date-stamped upon receipt as this date is entered into the information system and represents the chronological waitlist position of the applicant. An inaccurate application date in the system could result in applicants being in the wrong position on the housing waitlist. In 18/150 (12%) of applications, the application date in the information system did not match the date stamp on the application. In 14 of those 18, the application receipt date was earlier than the date entered in the system, negatively impacting the applicants' chronological waitlist position.



- **Inconsistent landlord checks** – Landlord reference checks are not being completed consistently across the regional housing authorities. Metro and Cape Breton indicated they are performed prior to board approval however, there was no evidence to confirm they were completed in 31 of 100 applications. In contrast, Cobequid does not complete reference checks until the applicant is placed. However, we did not see evidence of these checks being completed even at placement.
- **Inappropriate background checks performed** – Cape Breton is performing “Google checks” on applicants to look for evidence of criminal offences. These searches were noted in the information system for 10/50 samples. The Executive Director of the Department indicated Cape Breton had previously been instructed to stop a similar process. The intention of this process would be to deny applicants with criminal records, which is not consistent with documented indications of ineligibility and could cause accusations of discrimination.
- **Staff recommendations not documented** – Staff recommendations for board approval were not documented in 81/150 applicant files tested, including all 50 samples tested at Cobequid. Therefore, staff’s assessment of the application was unclear, as was the decision they recommended to the board.

- **Service standards lacking** – There are no established service standards or targets for the processing and approval of public housing applications. This makes it challenging for the regional housing authorities to take action to improve processing times if they are not regularly monitoring this data against established targets.

- 1.57 These examples further demonstrate that an inconsistent application process and poor documentation practices are occurring across the regional housing authorities. Significant improvements are needed to the assessment process to ensure applications are assessed consistently, in a timely manner, and result in a clear recommendation to either approve or deny access regardless of the regional housing authority.
- 1.58 With limited public housing units and high demand, a clear and consistent process to approve applications and place tenants is necessary to ensure all applicants are eligible and prioritized properly based on the policies in place.

Recommendation 1.7

We recommend the Department of Municipal Affairs and Housing create a process for the consistent administration of public housing application assessments, including an accurate waitlist ranking system and development of service delivery standards.

Department of Municipal Affairs and Housing Response: Agree.

- 1) *The standardized application assessment process implemented by DMAH in 2021 has achieved more consistent administration of the public housing application intake, assessment and placement processes.*
- 2) *Additionally, Phase 2 of the project to upgrade the client service and asset management system for public housing includes the launch of a new online portal where applicants can view the status of their applications online. It will also improve accuracy in waitlist management. Target Date: 1) Completed; 2) 2022-23*



No process to share common client information with the Department of Community Services

- 1.59 The regional housing authorities do not have a formal arrangement in place with the Department of Community Services to confirm directly whether applicants or tenants are receiving income assistance and/or to confirm their family composition. This information is used by the regional housing authorities to calculate the appropriate rent and to confirm that the size of unit offered or occupied is appropriate.
- 1.60 Staff at Cape Breton indicated that they could confirm this information directly with Department of Community Services staff, and we saw evidence of this occurring via e-mail in some instances. However, this process did not exist for Metro Regional or Cobequid.
- 1.61 If this information is available within government, it should be shared between departments to reduce duplication of work and increase efficiencies at the regional housing authorities. It would also simplify the process for applicants and tenants because they would no longer have to regularly submit information to two Departments. This is especially relevant as the information is required for annual confirmation for ongoing tenancy.

Recommendation 1.8

We recommend the Department of Municipal Affairs and Housing work with the Department of Community Services to establish an appropriate routine information sharing arrangement to confirm relevant income and family composition details for applicants and tenants that receive income assistance.

Department of Municipal Affairs and Housing Response: Agree. At the service delivery level, DMAH and Department of Community Services (DCS) staff already share information on applicants and tenants who receive income assistance, however it's inconsistent. The Department will work with DCS to establish a new, more consistent information sharing mechanism to confirm the family composition and income of clients in public housing who receive income assistance. Target Date: 2023-24



Unable to verify applicants were at the top of waitlists when offered placement

- 1.62 The regional housing authorities maintain several waitlists including the general waitlist of approved applicants, as well as waitlists for specific regions and buildings. Applicants are added to waitlists based on the date their application was received.
- 1.63 Waitlist information can only be viewed at the current moment in time. Historical waitlist information from past placements is not consistently retained. Metro and Cobequid do not retain any historical waitlist information and therefore, we were unable to confirm that applicants were at the top of the waitlist when offered a unit. In contrast, Cape Breton did retain copies of its waitlist for nine of 20 placements tested, which allowed us to confirm that these applicants were at the top of the waitlist when offered a unit.
- 1.64 The Housing Authorities Policy Manuals indicate that if an applicant rejects a housing placement offer three times, they lose their chronological waitlist position and are placed on the bottom of the waitlist. Management at Cape Breton indicated to us that they advise applicants who are not ready to move to cancel their applications and call back to re-activate within six months to avoid losing their waitlist position. This could occur because applicants are aware of long wait times and therefore plan ahead to get their name on the waitlist before requiring a unit. For example, if an elderly couple anticipates one partner will require nursing home care but the other will not be able to afford market rates on their own, the couple may not be willing to move until space is available at the nursing home. Regardless of the situation, it is important that policies reflect realities and that all applicants are treated consistently.
- 1.65 It is imperative that historical waitlist information is retained to provide accountability and assurance that the appropriate applicants are being offered units based on their waitlist positions. Without this, preferential treatment could go largely undetected as staff could offer units to applicants without regard to their waitlist position.

Recommendation 1.9

We recommend the regional housing authorities retain historical waitlist information for new placements to allow for verification of whether the appropriate applicants are being offered units.

Department of Municipal Affairs and Housing Response: Agree.

- 1) *System upgrades that are underway will include the functionality required to manage applicant data and generate waitlists that accurately reflect placements according to current waitlist management policy. The upgrade will also enable retention of historical waitlist information for new placements.*
- 2) *Implementation of the system upgrade, together with updated waitlist management policies and procedures, will provide accountability and assurance that the appropriate applicants are being offered units based on their waitlist positions. Target Date: 1) 2022-23; 2) 2024-25*

Recommendation 1.10

We recommend the Department of Municipal Affairs and Housing review and revise existing application intake policies to enforce a consistent process requiring documentation of communications with applicants and tenants, including offers and refusals.

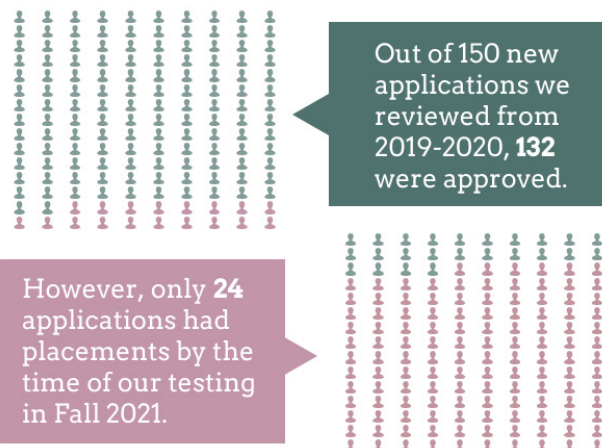
Department of Municipal Affairs and Housing Response: Agree.

- 1) *The standardized application assessment process implemented by DMAH in 2021 achieved much of this recommendation by ensuring application intake and placement are followed consistently and efficiently across Housing Authorities. Through this work, service standards were established along with key performance indicators to monitor progress and inform ongoing management of performance.*
- 2) *Additionally, major upgrades undertaken by the Department to client and asset management system for public housing will include new functionality to improve documentation of the application process. This will enable applicants to apply for public housing and view the status of their applications via the new online portal.*
- 3) *In the longer term, additional mandatory fields will be created for documentation of communications with existing tenants on applications for unit transfers, including offers and refusals. Target Date: 1) Completed; 2) 2022-23; 3) 2024-25*

Vacant housing units regularly exceed 60-day target between tenants

- 1.66 The Housing Authorities Policy Manuals set a unit turnaround target of 60 days or two months. This target is consistently not met. For example, the average unit turnover in number of days for the province was 126 days in 2019 (4.2 months) and 151 days in 2020 (5 months). Through our examination of new tenant placements, we found that that 44/60 (73%) of samples exceeded the turnaround time target.
- 1.67 There is no regular reporting or monitoring of units that exceed the established turnover target. There is also no process to clearly document unit condition, required actions, and expected timelines for completion. As a result, management cannot assess reasonability of plans to prepare units for new tenants, address missed timelines, or track trends for why units do not meet turnaround targets.
- 1.68 In our testing of a sample of 150 new applications from 2019 and 2020, 132 of 150 applicants were approved. However, we found that by the time of our testing in Fall 2021, very few approved applicants (24 of 132 or 18%) had received placements.

What Our Testing of 150 New Applicants showed:



Source: Office of the Auditor General, Nova Scotia

- 1.69 In our testing of 60 new tenant placements during the same period, we found that the average number of days between the original application date to the move-in date were as follows:

Average Placement Wait Time in Days – Sample of 60 New Placements			
	Cape Breton	Cobequid	Metro
General Applicants	740 (2 years)	361 (1 year)	847 (2.3 years)
Priority Access	217 (7 months)	316 (10.5 months)	454 (1.2 years)

- 1.70 It is obvious that demand for public housing exceeds the current supply as shown by the long waits experienced by Nova Scotians. Therefore, it should be a priority to turn over vacated units in a timely manner so that they can be occupied by new tenants as soon as possible.

Recommendation 1.11

We recommend the Department of Municipal Affairs and Housing establish a goal to reduce unit turnaround times and implement regular monitoring and public reporting against the target.

Department of Municipal Affairs and Housing Response: Agree.

- 1) In May 2022, DMAH issued a directive to Housing Authorities updating definitions on unity vacancy and unit turnaround times to provide clarity on how vacancy rates are calculated relative to the established vacancy target. This aims to improve data quality on unit turnaround times across the province, as well as monitoring and reporting on targets and outcomes.
- 2) Each Housing Authority has unit turnaround processes and targets. However, work is underway to establish a unit turnaround process that is consistent across Housing Authorities and identifies accountabilities and targets. This will help ensure established targets are met and identify areas for improvement. The major client and asset management system upgrade undertaken by DMAH will further reduce unit turnaround times by streamlining business processes, including job costing, work orders, appliance tracking and inventory and energy management. Target Date: 1) Completed; 2) 2022-23



Standard lease agreements signed with new tenants; minor deviations noted

- 1.71 Standard lease agreements consistent with the Residential Tenancies Act are used by regional housing authorities for all new tenants. Overall, we found that lease agreements were signed with all applicants, with a few instances of agreements not including the landlord signature (2/60), not including the signature of both leaseholders (1/60), being signed after the move-in date (4/60), or without all fields completed on the agreement (4/60).
- 1.72 Each regional housing authority had their own lease package and forms to be signed for new leases in addition to the standard lease agreement. For example, acknowledgements for responsibility for tenancy insurance, receipt of landlord rules, and signed unit inspections forms. These forms were not consistently filled out at all the regional housing authorities.
- 1.73 Finally, in reviewing the rent calculations at each regional housing authority we found that:
- All 20 samples at Metro had sufficient supporting income information, fell within household income limits, and had their rent calculated appropriately.
 - Three of 20 samples at Cobequid did not include sufficient supporting income information and 1/20 exceeded household income limits.

- Five of 20 samples at Cape Breton did not include sufficient supporting income information and 1/20 exceeded household income limits.

1.74 Overall, while most tenants had their rent calculated correctly, it is important that the regional housing authorities ensure that new lease documentation is completed and sufficient supporting income documentation from tenants is received to accurately calculate monthly rental charges. These deviations could be rectified through the introduction of more robust quality assurance processes, which we recommend later in this report.

No action taken by the Department or housing authority management on issues identified through the quality assurance process over application decisions

1.75 There is no quality assurance process in place to examine new tenant placement decisions, priority access placements, or ongoing annual lease renewals. The Department does however have an annual quality assurance process in place to examine application eligibility decisions. This process was implemented because of a recommendation from our 2010 audit of the Rent Supplement Housing program, which used a common application form with public housing up until 2021.

1.76 The annual application review process is documented and includes reporting requirements to management. We found that the reviews were conducted in accordance with the established process however, we noted the following deficiencies:

- There was no evidence of actions taken when deficiencies were identified in the results.
- There is no requirement to test a specific number of regular applicants, priority access, or rejections. This may limit the ability to identify issues in a particular category.
- The experience level of staff conducting reviews varied amongst the regional housing authorities.
- Additional deficiencies were identified by OAG that were not identified by reviewers. For example: insufficient information to assess the residency requirement; deficiencies in priority access supporting documentation; and failure to send acknowledgment letters.
- The Department compiles the data submitted by each regional housing authority. However, there is no documented review by the Department or follow-up actions taken.

1.77 There is little value in completing the process if it is not performed with adequate attention to detail to identify issues and if there is no organizational will to subsequently address them. This process identified some of the issues we found throughout our testing, which could have been adequately addressed and resolved had the results been used effectively and acted upon.

Recommendation 1.12

We recommend the Department of Municipal Affairs and Housing review the existing annual application review process, to:

- clarify what files should be reviewed,
- define who should complete the reviews, and
- develop a process for creating and monitoring action plans to resolve any identified deficiencies.

Department of Municipal Affairs and Housing Response: Agree.

- 1) In 2021, DMAH assessed the rate of annual eligibility checks for tenants and waitlisted applicants. A new process was implemented in June 2021 to resolve immediate issues related to confirming continued eligibility of waitlisted applicants.*
- 2) Moving forward, annual eligibility confirmations for tenants will be addressed through upgrades to client and asset management systems. In the new system, automated lists of tenants due for eligibility confirmation will be generated monthly to help ensure staff complete those eligibility checks on schedule.*
- 3) Assessment of annual application review processes will also be included in the broader policy and operational framework review and development project. This will result in the establishment of new annual application review policies, processes and service standards which will be integrated into a new key performance system for public housing. Target Date: 1) Completed; 2) 2022-23; 3) 2024-2025*

Recommendation 1.13

We recommend the Department of Municipal Affairs and Housing complete an assessment of all significant processes and develop an organizational approach to quality assurance that includes at a minimum routine tenant placement, priority access placements, and renewals.

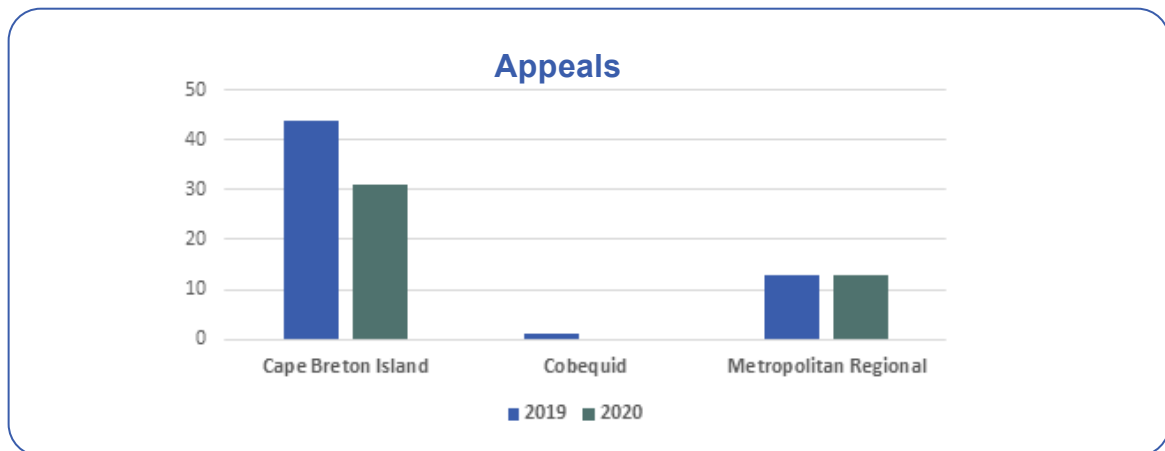
Department of Municipal Affairs and Housing Response: Agree. The scope of policy and operational framework review will include establishment of an organizational approach to quality assurance that addresses routine tenant placement, priority access placements and renewals.

The Department will implement the new policy and operational framework along with new service standards and mechanisms for monitoring progress that inform ongoing performance management and foster an organizational approach to continuous improvement. Target Date: 2024-25



Applicant and tenant appeal processes inconsistent and not formally documented

- 1.78 The Board Members' Handbook indicates that the Board is responsible for hearing appeals from tenants and applicants on regional housing authority decisions. However, it does not specify which decisions can be appealed or the process to be followed. Management indicated that if the approval or request of an applicant or tenant is denied by the respective board, individuals have the right to appeal the decision by submitting their request in writing. Once received, the Board reviews the submission and decides whether to uphold the original decision or overturn it.
- 1.79 The number of 2019 and 2020 appeals received by each regional housing authority is presented below. However, due to the lack of a clear established process, including who receives appeals and how they are to be filed across the regional housing authorities, we were unable to obtain assurance on the completeness of the total number of appeals received during our audit period.



Source: Office of the Auditor General, Nova Scotia

- 1.80 The Housing Authorities Policy Manuals also do not include guidance for appeal processes. Instead, regional housing authorities are responsible for developing their own written procedures. However, Cape Breton and Cobequid both lack formal written procedures, while Metro only has draft guidelines. The absence of formalized policies and procedures could result in inconsistent practices being applied across the province and even within regional housing authorities.
- 1.81 Additionally, the appeal process for each regional housing authority is not publicly available and applicants and tenants are not always notified of the existence of an appeal process if their application or request is denied. This is typically communicated via a denial letter. However, we found that these letters are not always sent, and the standard denial letter in Cobequid does not mention the appeal process. As shown above, there were a very low number of appeals launched during our audit period, and that could be attributed to the lack of public awareness of appeal processes.
- 1.82 Once appeals are received, only Metro holds hearings and invites appellants to attend to present their case. They are also the only regional housing authority to have established timelines to respond to appeals once a decision is rendered. In Cape Breton and Cobequid, appeals are heard as part of the regular board meeting process without the appellant present.
- 1.83 In a sample of 11 appeals (Metro 5, Cobequid 1, Cape Breton 5), we found that once a decision regarding the appeal was made, appellants were notified of the decision in writing. Of this group, 7/11 appeals were granted, and appropriate action was taken to implement the decision being overturned. Four of 11 appeals were denied, and the decisions appeared reasonable based on relevant policy considerations.
- 1.84 An effective internal appeal process serves as an internal quality review process and ensures that applicants and tenants are being fairly treated. It is concerning that, consistent with other observations in this report, processes were not well established, and as a result, varied across the regional housing authorities.

Recommendation 1.14

We recommend the Department of Municipal Affairs and Housing develop and implement a consistent tenant application appeal policy and process, which includes:

- clarifying how appeals are initiated,
- outlining the process for hearing the appeal, and
- establishing timelines for providing a response to the appellant.

Department of Municipal Affairs and Housing Response: Agree. DMAH will take immediate action to review existing public housing appeal policies and processes to ensure Housing Authorities have standard and formalized written procedures for hearing appeals and establish transparent timelines for providing responses to appellants. This will provide clarity on:

- *How appeals are initiated*
- *The process for hearing appeals*
- *Timelines for providing responses to appellants*

Target Date: 2022-23

Recommendation 1.15

We recommend the Department of Municipal Affairs and Housing adopt standardized tenant application denial letters that include the rationale for denial and inform the prospective applicant or tenant of the appeal process including how and where to direct appeal requests.

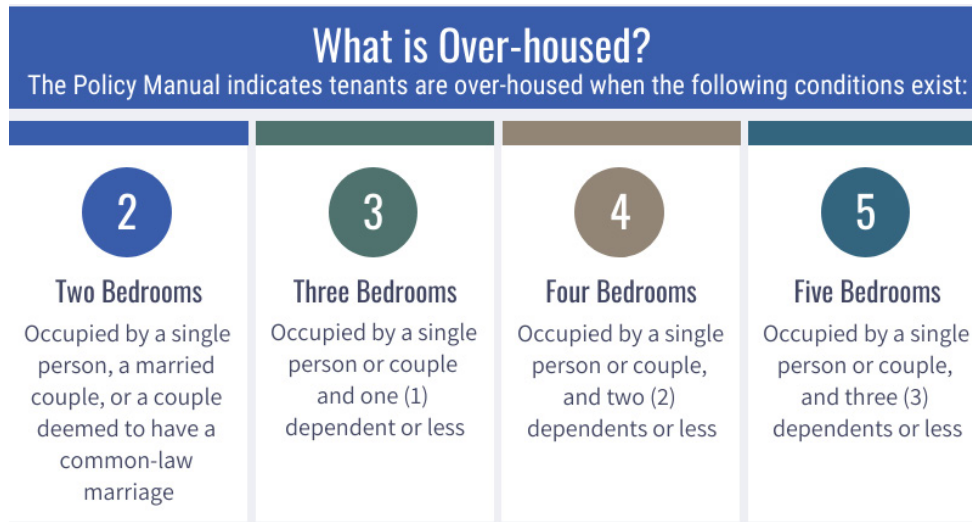
Department of Municipal Affairs and Housing Response: Agree. In 2021, DMAH launched a project to develop standardized public housing application denial letters across Housing Authorities that include a rationale for denial and inform prospective applicants or tenants of the appeal process, including how and where to direct appeal requests. Target Date: 2022-23

Continued Eligibility of Tenants Not Adequately Managed to Maximize Potential Use of Public Housing Units



Management estimates over 1,500 public housing units are underutilized and issue is not being addressed

- 1.85 The regional housing authorities are monitoring financial eligibility criteria and calculating rent appropriately. However, they are not following clear policies to assess continued eligibility for public housing.
- 1.86 The Housing Authorities Policy Manuals outline several considerations for continued access to public housing that are not consistently assessed as part of the lease renewal process. These considerations include family composition (the number of tenants living in a unit) relative to the number of bedrooms and tenant homeownership.
- 1.87 When a tenant is “over-housed,” occupying a unit that is bigger than they require based on policy, the regional housing authority can require a tenant to transfer to a smaller unit. The Housing Authorities Policy Manuals indicate tenants are over-housed when the following conditions exist:
 - Two Bedrooms: Occupied by a single person, a married couple, or a couple deemed to have a common law marriage.
 - Three Bedrooms: Occupied by a single person or couple and one (1) dependent or less.
 - Four Bedrooms: Occupied by a single person or couple, and two (2) dependents or less.
 - Five Bedrooms: Occupied by a single person or couple, and three (3) dependents or less.



Source: Office of the Auditor General, Nova Scotia

- 1.88 Management estimates there are currently more than 1,500 units that meet the definition of over-housing, many of which are three- and four-bedroom family units. Most of these units are in Metro and Cape Breton where many multiple-bedroom, family-designated units are located. Situations of over-housing may arise, for example, when a family with dependents occupies a unit for an extended period. Once the dependents have grown up and moved out, the single person or couple continues to occupy the multi-bedroom unit. Given the high demand for family units, it is not an effective use of limited public housing resources to allow single adults or couples to continue to occupy multi-bedroom units, which could instead be used to house other families.
- 1.89 According to the Housing Authorities Policy Manuals, prior to the housing authority exercising its right to transfer over-housed tenants to other accommodations, there must be a demonstrated demand for the size of the unit occupied by the over-housed tenant. There must also be an appropriately sized unit available to be offered as an alternative. The regional housing authorities may offer three transfer requests. If they are all refused, the regional housing authority can apply to the Residential Tenancies Board for a notice to quit to begin the eviction process.
- 1.90 In April 2019, Department staff completed a review of housing units to determine which were most likely in an over-housing situation based on available family composition information. Initial reporting was provided to regional housing authorities with the goal of addressing the issue, including performance measures to reach the established goals. However, no action was taken with the results. Management stated this was at least in part due to challenges allocating resources to relocate tenants, specifically funding for moving expenses and unit refurbishment.
- 1.91 There are complexities in addressing the current over-housing issue from both a cost and social perspective. Despite this, it is clearly causing an inefficient use of provincially owned housing and limits the effective management of tenant capacity. Units could stay in a position of over-housing for a substantial amount of time, while larger families are unable to access housing.



Status of tenant homeownership after entering public housing not assessed

- 1.92 While the prevalence of tenants owning another principal residence after entering public housing is relatively uncommon, we found that there was no evidence of a process in place to monitor disposition or continued use (for example, renting it to a third party) of tenant-owned properties. In

a sample of 60 new tenant placements, we identified two examples of tenants owning residential property upon entry to public housing.

- 1.93 The Housing Authorities Policy Manuals outline that ownership status for tenants who still owned their principal residence upon entering public housing should be assessed at their first annual lease renewal. Instances of tenants owning property may occur if a family can no longer afford their existing residence, or if seniors are downsizing and don't have the monthly income to maintain their previous house or can't afford market rental rates.



- 1.94 When the tenant's principal residence has not been disposed prior to the expiration of the first-year lease term, the Public Housing Manual indicates staff can extend the allowable time to dispose of the property (for example, a property clearly listed for sale in a slow market), renew the lease as if the property value is invested at current interest rates to include interest income in their rent calculation, or terminate the lease with Board approval.
- 1.95 If a tenant does own property at lease renewal, it is important that management take appropriate action to assess whether rental income exists that should be factored into the tenant's monthly rent charge or if eviction from the public housing unit is warranted. In the two examples we identified with tenants owning property upon entry to public housing, there was no evidence of action taken to indicate what happened with the property after the applicant was placed in a public housing unit.

Recommendation 1.16

We recommend the Department of Municipal Affairs and Housing implement lease renewal processes that verify the continued eligibility of public housing tenants, including considering whether tenants may be over-housed and whether tenants may own property and take appropriate action when issues are identified.

Department of Municipal Affairs and Housing Response: Agree.

- 1) DMAH is taking action to review existing lease renewal policies and processes and ensure they are implemented efficiently and effectively across all Housing Authorities. This includes determining whether tenants may be over-housed or continue to own property and working with staff and key stakeholders to ensure appropriate action is taken when issues are identified.
- 2) The scope of the policy and operational the framework review and development process will include proposed new lease renewal and tenant management policies and procedures. Target Date: 1) 2022-23; 2) 2024-25



Income verification completed to recalculate rent for lease renewals

- 1.96 One of the key elements of the lease renewal processes is verification of the tenant's total gross monthly household income, which is used to calculate rent for the next term. We tested lease renewals at each of the three regional housing authorities visited and found that 80/89 samples tested had adequately verified gross income and calculated rent correctly.

1.97 Of the remaining nine files:

- Three files at Cape Breton did not have a lease renewal completed including income verification for several years. Staff indicated that tenants did not respond to income documentation requests. However, no further action was taken to resolve the issue.
- Six files (Cobequid 2, Cape Breton 4) did not have adequate income documentation on file. For example, the documents on file were bank statements, or a screenshot of the Employment Insurance portal, neither of which showed the tenants' names.

1.98 While most renewals examined did have appropriate income support and rent calculated correctly, it remains important to ensure quality assurance processes are also in place over the lease renewal process to prevent the issues observed above. This should be considered in an overall approach to increasing quality control at the regional housing authorities and will help in preventing issues we observed.

No policy for addressing tenant-related issues and concerns within public housing buildings

1.99 There is no policy or established process that outlines how tenant-related issues and concerns should be documented and addressed. This includes complaints made by tenants directly to property management staff or observations made by staff in the buildings. There is also no guidance on how building management and staff should address specific situations such as mental health or substance abuse concerns.

Inconsistent tracking and documenting of at least 1,700 tenant complaints

1.100 Staff stated they use the tenant management information system to document complaints and contact with tenants in the notes section of the individual's file. There may also be additional communications placed directly into the tenant's paper file. We ran a report from the system for our audit period of January 1, 2019, to December 31, 2020, to identify how many complaints were reported in that period. There were 1,313 complaints recorded in Metro, nine in Cobequid, and 395 in Cape Breton. As the volume of complaints recorded in the system ranged significantly between regional housing authorities, we are concerned that this does not represent a complete list of complaints and suggests they are not consistently documented. This further illustrates the lack of guidance, and that the system is not being used the same across the regional housing authorities.

1.101 Additionally, the regional housing authorities do not track trends in tenant-related issues within the buildings or provide regular reports to management. We would expect this reporting to be completed to detail the types of complaints being lodged, the frequency of their occurrence, and appropriate resolutions that ensure they are acted on in a timely manner. This reporting could also raise staff awareness of tenant needs and supports. Without this reporting, the regional housing authorities are at risk of inefficient use of resources to complete preventative maintenance or deal with escalating tenant issues. This could lead to a lower quality of life for tenants as safe, adequate and properly maintained housing ensures an acceptable living standard.



Recommendation 1.17

We recommend the Department of Municipal Affairs and Housing, in collaboration with the regional housing authorities, develop and implement:

- a process and guidance for documenting and addressing tenant-related issues within public housing buildings, and
- a process to report on ongoing trends, and unique or significant tenant-related issues, to regional housing authority management.

Department of Municipal Affairs and Housing Response: Agree.

- 1) *Work underway to upgrade client service and asset management system for public housing will create new, streamlined tenant management processes for implementation across Housing Authorities. This will include new functionality for documentation of tenant-related issues within public housing buildings, tracking and reporting ongoing trends and addressing unique tenant-related issues to Housing Authority management.*
- 2) *The scope of the project to review and develop a new policy and operational framework will also include a new tenant management approach that provides processes and guidance for:*
 - *Documenting and addressing tenant-related issues*
 - *Reporting on ongoing trends and unique or significant tenant-related issues to management**Target Date: 1) 2022-23; 2) 2024-25*



No policy for public housing complaints made directly to regional housing authority offices

- 1.102 There is no documented policy or established process for situations where complaints are sent directly to regional housing authority offices, including where those complaints should be directed. This includes complaints received from applicants, and external advocates such as local Members of the Legislative Assembly and other third parties.
- 1.103 The process for handling complaints varied across the three housing authorities, but we noted similar issues at all three, including inadequate controls to ensure that all complaints are logged, validated, and addressed as necessary in a timely and efficient manner.
- 1.104 The lack of consistent approach to track complaints demonstrates the need for a clear provincial policy to ensure that all complainants are prioritized and treated fairly when seeking a resolution to their concerns.

Recommendation 1.18

We recommend the Department of Municipal Affairs and Housing, in collaboration with the regional housing authorities, develop and implement a public housing complaint resolution process, including controls and service standards around receiving, documenting, and responding to complaints.

Department of Municipal Affairs and Housing Response: Agree.

- 1) *Major upgrades currently underway to the client service and asset management system for public housing will include new functionality for documenting complaints and inquiries from tenants, assign staff members to address them and monitor progress on responding to complaints.*
- 2) *Additionally, the project to review and develop a new policy and operational framework will include collaboration with Housing Authority staff and key stakeholders on updates needed to the complaints resolution process, including controls and service standards around receiving, documenting and responding to complaints. Target Date: 1) 2022-23; 2) 2024-25*

Tenant engagement initiative not effectively addressing issues

- 1.105 A new tenant engagement initiative to improve client service began in 2018. The initiative was communicated by a memo from the Executive Director, Housing Authorities and required staff to visit public housing buildings on a consistent bi-weekly schedule to engage with tenants during an advertised meeting time. This did not happen at the required frequency prior to COVID-19. Formal engagement sessions were completely stopped during the pandemic when the focus shifted to health and safety communications. Cape Breton restarted limited tenant engagement sessions in June 2020 on a rotational basis as COVID-19 restrictions allowed. Staff booked individual meeting times with tenants, while respecting physical distancing requirements instead of hosting group sessions. Engagement sessions had not restarted in Metro or Cobequid as of the completion of our audit work in Fall 2021.
- 1.106 From January 1, 2019, to February 28, 2020, regional housing authority staff visited on average approximately 160 or 55% of buildings once per month. There were very few instances of staff visiting twice per month as outlined in the memo, and many were not visited at all.
- 1.107 Staff expressed concerns that the directive was not realistic with their schedule. Staff also indicated that most of the complaints are related to maintenance, therefore it was suggested that the maintenance supervisor should also attend. If increased engagement is a priority of the Department, the benefits associated with the time commitment required should be clear to staff. This indicates the purpose and frequency of sessions may need to be reviewed and clearly communicated.
- 1.108 The memo also included documentation requirements for issues raised at the engagement sessions. We tested a sample of 10 engagement sessions at each of the three regional housing authorities we visited. Of the 30 engagement sessions tested, 22 did not have the resolution dates and outcomes recorded as required, including all 10 at Metro, 7 of 10 at Cobequid, and 5 of 10 at Cape Breton. If time is committed to complete these tenant engagement sessions, there should be accountability to ensure the issues raised are addressed.

Recommendation 1.19

We recommend the Department of Municipal Affairs and Housing, in collaboration with the regional housing authorities, review the tenant engagement initiative to clarify the purpose and frequency requirements of engagement sessions.

Department of Municipal Affairs and Housing Response: Agree. The project to review and develop a new policy and operational framework will include collaboration with Housing Authority staff on review of the tenant engagement initiative to clarify the purpose and frequency requirements of engagement sessions. Target Date: 2024-25

Recommendation 1.20

We recommend the Department of Municipal Affairs and Housing develop a management review process to hold staff accountable in addressing issues identified by tenants at engagement sessions.

Department of Municipal Affairs and Housing Response: Agree. Planning is underway to develop a management review process for addressing issues identified by tenants. Target Date: 2023-24

Reasonable Assurance Engagement Description and Conclusions

In Spring 2022, we completed an independent assurance report of public housing at the Department of Municipal Affairs and Housing. The purpose of this performance audit was to determine whether the Department of Municipal Affairs and Housing and the regional housing authorities provide vulnerable individuals and families with access to affordable, well-managed public rental housing in a clear and consistent manner.

It is our role to independently express a conclusion about whether the Department of Municipal Affairs and Housing, and the regional housing authorities, comply in all significant respects with the applicable criteria. Management at the Department of Municipal Affairs and Housing have acknowledged their responsibility for management of the public housing portfolio.

This audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada; and sections 18 and 21 of the Auditor General Act.

We apply the Canadian Standard on Quality Control 1 and, accordingly, maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Code of Professional Conduct of Chartered Professional Accountants of Nova Scotia as well as those outlined in Nova Scotia's Code of Conduct for public servants.

The objectives and criteria used in the audit are below:

Objective:

To determine if the Department of Municipal Affairs and Housing has a framework in place to support oversight and accountability of the regional housing authorities.

Criteria:

1. The Department should have agreements in place with each regional housing authority establishing clearly defined roles and responsibilities, including reporting requirements.
2. The Department should monitor to ensure that the regional housing authorities are adequately completing their roles and responsibilities.
3. The Department should follow up and take appropriate action when concerns with the performance of a regional housing authority are identified.

Objective:

To determine if the regional housing authorities are effectively managing public housing applications and tenant placement processes.

Criteria:

1. The regional housing authorities should follow a clear and consistent process with established eligibility criteria to approve and prioritize applicants for access to public housing.
2. The regional housing authorities should manage the waitlist for public housing in line with established processes to provide access to available units in a consistent manner.
3. The regional housing authorities should ensure lease agreements are signed with tenants prior to occupying a unit, with rent calculated in accordance with established criteria.
4. The regional housing authorities should have quality assurance processes in place for application approval and placement decisions.

Objective:

To determine if the regional housing authorities are effectively managing lease agreements with existing tenants.

Criteria:

1. The regional housing authorities should regularly monitor lease agreements to ensure tenants remain eligible for public housing, with rent charged appropriately.
2. The regional housing authorities should have established processes to address issues with tenants and take appropriate action when tenants breach the terms of the lease agreement.
3. The regional housing authorities should have established processes to engage with tenants, including a complaint process.

Generally accepted criteria consistent with the objectives of the audit did not exist. Audit criteria were developed specifically for this engagement. Criteria were accepted as appropriate by senior management at the Department of Municipal Affairs and Housing.

Our audit approach consisted of interviews with management of the Department of Municipal Affairs and Housing as well as staff from the regional housing authorities. It also included reviewing policies, reviewing and testing procurement work, and a variety of other documentation. Our audit period covered January 1, 2019 to December 31, 2020. We examined documentation outside of that period as necessary.

We obtained sufficient and appropriate audit evidence on which to base our conclusions on June 2, 2022, in Halifax, Nova Scotia.

Based on the reasonable assurance procedures performed and evidence obtained we have formed the following conclusions:

- The Department of Municipal Affairs and Housing does not have an effective governance structure in place for public housing and is failing to provide adequate oversight of the regional housing authorities. There are few performance measures, and there is no clear accountability or action taken when targets are not met.
- The regional housing authorities are not effectively managing public housing applications and tenant placement processes. Inconsistent and weak processes were identified amongst the three housing authorities examined.
- The regional housing authorities are not adequately monitoring continued eligibility for public housing. Housing authorities lack established consistent processes to address tenant-related issues in public housing buildings. Housing authorities do not have an established complaint process for public housing.

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