

**APPENDIX A:**  
**YUKON HOUSING CORPORATION**



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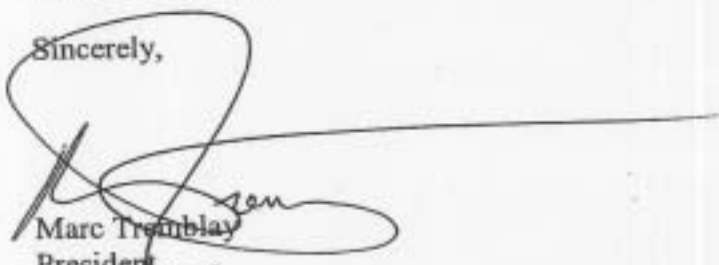
Mr. Todd Hardy, MLA  
Chair of the Standing Committee on Public Accounts  
Yukon Legislative Assembly  
P. O. Box 2703  
Whitehorse, YT Y1A 2C6

Dear Mr. Hardy:

Enclosed you will find the responses for the Public Accounts Committee regarding the mandate of Yukon Housing Corporation.

I look forward to the upcoming hearings as an opportunity to further expand upon the answers that I have provided.

Sincerely,



Marc Tremblay  
President,  
Yukon Housing Corporation

encl.

**1. What is the mandate of YHC? In responding to this question please describe how your mandate has changed since YHC was formed and why such change has taken place.**

Yukon Housing Corporation's legislative mandate is contained within or expressed through the provisions of the *Housing Corporation Act*, *Housing Development Act*, *Government Employee Housing Plan Act*, *Corporate Governance Act*, annual Appropriation Acts and all related regulations. Collectively, these establish the Corporation's purposes and scope of authority and activity, as well as the governance structure and relationship of the Corporation as an agency of the Yukon Government.

The Corporation was established by the *Housing Corporation Act* of 1972. Section 4(1) states that:

4(1) "*The objects of the corporation are to carry out any of the duties and functions provided for by this Act and any other duties and functions related to any programs of housing or urban development as may be assigned to it by the Commissioner in Executive Council.*"

Section 4(2) offers further clarification on the objects of the Corporation:

*"Without restricting the generality of subsection (i), the corporation may undertake, carry to completion, or assist in the provision, development, maintenance, and management of housing*

- (a) generally;*
- (b) for families and individuals;*
- (c) for employees of the public service;*
- (d) for students;*
- (e) for senior citizens; and*
- (f) for families and individuals receiving social allowances or social assistance."*

While its legislative mandate has remained relatively constant over the years, the Corporation's strategic and operational focus does shift over time with changes in Yukon's housing environment. As new housing needs emerge, YHC works to develop and implement solutions that address important housing issues. Some examples include research, development, implementation and collaboration in the areas of seniors' housing, housing energy efficiency, northern housing technology and construction innovation, First Nations housing, and development of the Yukon housing industry.

Section 9 of the *Housing Corporation Act* also confers upon the Corporation a number of general powers in addition to those vested in a corporation by the *Interpretation Act*. The general authority to extend YHC's legislative mandate is found within Section 9 (i) which authorizes the Corporation to "*carry out any other program that is assigned to it;*"

Examples of various government initiatives over the years where this authority has been exercised include:

- April 1994 – Transfer of administration of Land Files from the Department of Community & Transportation Services to YHC included a provision for inspection services to determine if clients with industrial lots had met their building or improvement conditions. Section 9(1) enabled YHC to assume responsibility for inspection of building structures on industrial lots, which typically do not include housing structures.
- October 1997 - YHC assumed responsibility for delivery of the Commercial Electricity Management Program (CEMP), with funding provided by the Yukon Development Corporation. YHC was assigned this responsibility due to its ability to deliver programs and services to clients. In March 2001 as the original Operating Agreement was about to expire, the Yukon government decided to co-fund the creation of the Energy Solutions Centre which then became the delivery agent for this commercially focused program.
- October 1998 - YHC received direction from Management Board to provide Territorial Representative Services in the communities of Teslin, Carcross, Carmacks and Ross River. YHC Housing Managers in these communities were assigned new responsibilities to provide other government services to clients in addition to housing related services. The government deemed this to be the most cost-effective approach to providing citizens of these four rural Yukon communities with enhanced access to direct services.
- March 2000 – Pursuant to Section 12 of the *Economic Development Act*, an Order-In-Council annexed the Housing Trade Assistance regulation to the Act. This regulation provided the legal authority for YHC to enter into financial relationships with Yukon businesses that were developing national or international economic opportunities in the housing sector. The regulation created a linkage with the government's Export Policy approved by the Executive Council in November 1999. In April 2001 YHC's role in the Trade & Export market was reduced to provision of technical assistance only. YHC's Capital budget reflects this change.

In April 2002, the new Department of Community Services was established and received the mandate to create close alignments with Yukon Housing Corporation and Yukon Liquor Corporation. The alliance strengthens the Government of Yukon's ability to build capacity and to deliver quality programs and services in the communities. To achieve a consistent level of service, administration and communication the organizations are implementing consolidated corporate services support in the areas of Human Resources, Finance and Policy & Communications.

The following Corporate objectives have been approved in the Yukon Legislature for Yukon Housing Corporation to fulfill its mandate:

1. To assist people to meet their housing needs.
2. To help the housing market-place work better by furthering the self-sufficiency of communities, industries and people by:
  - Providing social housing to serve the changing needs of clients
  - Providing staff housing to meet departmental needs;
  - Supporting Yukoners to repair their homes, improve the energy efficiency of their homes and protect the environment;
  - Supporting Yukoners to become homeowners and to improve the accessibility and energy efficiency of the housing stock;
  - Assisting seniors to meet their housing needs;
  - Playing a lead role in educating and transferring technology to the Yukon housing industry and general public; and
  - Building community and industry capacity.

**2. How is this mandate being met? In responding to this question describe how you measure compliance with your mandate and how you assess the degree to which you are complying with your mandate.**

To deliver on its mandate, Yukon Housing Corporation operates under the direction and guidance of:

- The Board of Directors, comprised of a Chair, Deputy-Chair and up to five other members. Members are appointed and their terms of appointment are set by the Commissioner in Executive Council. Section 8 of the *Housing Corporation Act* empowers the Board to make bylaws regulating its proceedings and generally for the conduct and management of the affairs of the corporation. The Board typically meets 4 times a year.
- The Whitehorse Housing Authority and Community Housing Advisory Boards in eight rural communities help support the delivery of Yukon Housing Corporation programs and services to Yukoners.
- The President, reporting to the Minister Responsible and serving as chief administrative liaison to the Board. Under the provisions of the *Corporate Governance Act* (SY 2002, c 2) and corresponding amendments to the *Housing Corporation Act*, the deputy head of the Department of Community Services is ex officio the president of the corporation.

The *Corporate Governance Act* also established the Minister of Community Services as the Minister Responsible for the corporation.

Sections 2(d) and 2(e) of the *Corporate Governance Act* state:

- 2(d) "it is important that the work of government corporations be co-ordinated with the work of other departments of government; and

2(e) co-ordination will be facilitated by establishing long-terms relationships and understandings between a corporation and a department whose responsibilities are similar and by each having a common Minister who can ensure that the department and corporation have, and carry out, a common understanding of how to co-ordinate their policies and program delivery.”

The *Act* requires the annual negotiation of a protocol agreement between the Minister Responsible and the corporation, setting out performance expectations for the corporation and the roles of the Minister, Board, and President in the work of the corporation.

The *Act* also enables the Commissioner in Executive Council to issue directives to the corporation with respect to the powers and functions of the corporation. Directives are regulations within the meaning of the *Regulations Act*.

Corporate Services support in the areas of human resources management, policy and communications, and finance, systems and administration is being provided through a new shared services model of delivery encompassing the following aligned agencies: Yukon Housing Corporation; Yukon Liquor Corporation and Yukon Lottery Commission; and Department of Community Services.

Human Resources was the first area to be fully and successfully implemented. Policy and Communications support implementation is in progress and considered to be in effect. Finance, Systems and Administration support implementation is in progress.

Annual funding to finance operation of the Corporation is provided by block funding from CMHC for projects covered under the Social Housing Agreement, interest collections from mortgages, rental income and a grant from Yukon Government to cover the operating deficit .

The Corporation uses the funding principally to deliver Social Housing in 9 communities, Staff Housing in 13 communities, and the administrative overhead for the delivery of home repair and home ownership loan programs in excess of \$7,000,000. Shortfalls in loan capital are funded using a revolving line of credit and principal payments from existing loans, from time to time the Corporation has received loan funding from Yukon Government for this purpose.

YHC delivers the following programs and services ...

**Direct Lending Programs:**

***Repair and Upgrade Programs:***

*Components: Home Repair, Mobile Home Repair and Upgrade, Home Repair Enhancement, Mobile Home Emergency Repair, Residential Energy Management;*



**Ownership Programs:**

*Components: Home Ownership 1<sup>st</sup> Mortgage, Owner Build, Mobile Home, Home Completion, Green Home, Accommodating Home, Mobile Home Relocation, Mobile Home Equity Replacement, Extended Mortgage Guarantee.*

**Industry and Community Partnering Programs:**

*Components: Rental Suite, Joint Venture, Rental Rehabilitation, Housing Industry and Community Development, Seniors' Housing Management Fund.*

**Services:**

*Components: Community Development Initiatives (project specific), Seniors Home & Yard Maintenance Program, EnerGuide for Houses Evaluation, Green Home Certification, Accommodating Home Certification, R-2000 Certification, Extended Mortgage Guarantee*

**Education & Training**

*Components: HRAI Ventilation, Combo Heating & heat Loss Calculation Series, EnerGuide and R-2000 Updates and Workshops, Self-Help Course*

**Social Housing:**

*Components: Public Non-Profit, Private Non-Profit, Rent Supplement, Renovation & Rehabilitation, Maintenance*

**Staff Housing:**

*Rental, Renovation & Rehabilitation, Acquisition/Construction, Maintenance, Employee Buy-Back*

One of the measures the Yukon Housing Corporation uses to evaluate its success is benchmarks. Yukon Housing Corporation uses available data from existing sources to help define benchmarks regarding the Yukon and other jurisdictions in the country.

For example, from 1996 until 2001 a total of 361 clients went on loan repayments after accessing funding from the Corporation through the Home Repair Program. In 1996, Statistics Canada identified the Yukon as having the greatest need in the country for minor and major home repairs. This census identified 5,345 homes which is 46.6% of Yukon's housing stock. This compares with a national average of 34.5%.

In 2001, Statistics Canada reported that the Yukon now has the third greatest need for minor and major housing repairs. Now there are 4,910 homes in need of repairs or 43.2% of Yukon's housing stock while the national need is relatively consistent at 34.6%. The utilization of YHC's Home Repair Program by 361 Yukon home-owners would have had a positive impact in reducing the previously identified level of need.

Another area of key importance to Yukon Housing Corporation is the financial management of the loans portfolio including the generation of interest revenue and collection of debts owed. This is important in identifying the effect(s) the loans portfolio may have on the financial management of the government as a whole.

The following information was collected from the current financial statements of the respective financial institutions. Although the value and the size of the portfolios are admittedly quite different it is possible to make some conclusions.

Name	% Impaired	Value of Portfolio
Royal Bank	.1308%	77,199,000,000
YHC	.2282%	44,253,000
CIBC	.2584%	68,497,000,000
First Calgary	.2888%	982,116,000,000
Scotia Bank	.3763%	61,646,000,000

YHC's lending and collection practices include high risk clients that can not access bank financing yet the level of impairment of the portfolio is within industry norms and standards. This may be due to effective management practices including a high level of interaction with clients.

Another area where YHC uses benchmarks is in the delivery of energy programming. In particular the delivery of the EnerGuide for House Program which utilizes an initial "A" audit to determine the energy efficiency of a home followed by a "B" audit which captures energy efficiency improvements as a result of repairs and upgrades.

On a per capita basis, the Yukon is rated the number one jurisdiction in Canada for both "A" and "B" audits. For example, in the Yukon on a per capita basis, 10.84% of the housing stock has undergone an "A" audit and this compares with a national value of 0.71%. In terms of "B" audits the value in the Yukon is 1.03% while the national value is 0.05%. This is due to YHC's role of community development with Yukon First Nations. Examples of how this program has produced results includes:

- Carcross-Tagish First Nation accessed in excess of \$500,000 from INAC under the On-Reserve Housing Initiative based on the information contained in the audits;
- Kaska Tribal Council have completed audits of all of their housing and are preparing submissions to the government of Canada for funding to initiate repairs;
- Both the Kwanlin Dun and Champagne-Aishihik First Nations are currently working on submissions for funding;
- The Government of Canada's House-In-Order program requires that all federal housing undergo EnerGuide audits. The Yukon is the first jurisdiction in Canada where all RCMP housing and detachments have had the required audits. The RCMP are currently developing work plans based on this information.

### 3. How does YHC account to:



- a) the legislative assembly,
- b) individuals who use your service directly, and
- c) taxpayers generally?

**a) the legislative assembly**

Yukon Housing Corporation is accountable to the Legislative Assembly through the Minister responsible for the Yukon Housing Corporation.

The Minister responds to questions and concerns, introduces new policies and initiatives, and presents the budget and legislative proposals. As required by Section 23 of the *Housing Corporation Act*, the Minister tables the YHC Annual Report to show accountability over the past fiscal year. The report, prepared in conjunction with the Auditor General of Canada, also illustrates how YHC is fulfilling its objectives and the government's priorities.

**b) individuals who use your service directly,**

As an organization, YHC is built on client service.

Staff undertake to understand and respond to the individual needs of each client. In situations where the existing program does not adequately serve a client, staff are encouraged to bring the matter to the attention of the Board of Directors.

The Board of Directions also provides direction in this regard. They bring matters to the attention of the President where issues arise which they wish to address in some fashion.

- **Adaptability/improving programs**

YHC adjusts programs, such as the Home Repair Program, to better respond to client needs. When this program was first introduced in 1991, clients were required to conduct all repairs identified by YHC. Today, clients select the work to be performed on their house, and how much money they will borrow within the approved limit to do the repairs.

YHC periodically evaluates its programs to help determine whether the programs remain relevant, and how they could be improved. For example, recognizing that housing needs change as people age, in 1999 YHC sought the input of seniors living in social housing to determine how YHC could help them live more comfortably, safely and independently. Based on the feedback, the Corporation made changes to interior features such as unit bathrooms, kitchens and doors.

Currently YHC is reviewing the Social Housing and Home Repair Programs to develop potential strategies for the future.

Clients are notified of program changes through direct contact, usually by letter, or through advertising and media campaigns.

- **Programs**

YHC operates offices in Whitehorse and in eight rural communities. Staff utilizes a team approach in the delivery of programs and services. Local Housing Managers assist rural Yukoners with their applications for lending programs. In addition, local Housing Advisory Boards/Authorities assist with the direct delivery of the social housing program.

Information on YHC and its program and services is available in all YHC offices, on YHC's web site, at major trade shows, and through community visits. Out of town clients are encouraged to contact YHC through the toll-free number or the e-mail address found on YHC's web site. This e-mail account is monitored daily, and requests for information are immediately directed to appropriate staff.

All applications are reviewed as quickly as possible, and there is a high degree of interaction with clients throughout the application, delivery and repayment phases. YHC staff work closely with clients who find themselves in arrears to develop a mutually acceptable solution.

- **Appeal system**

YHC has a formalized process by which clients can engage an appeal process. For example, clients whose applications for social housing are rejected are given an explanation for the decision, and are informed about their right to formally appeal. The first level of appeal is with the local Housing Advisory Board/Authority and then with the Appeals Committee of the YHC Board of Directors.

If a client is dissatisfied with the decision of YHC's Appeals Committee, they can take their concerns to the Ombudsman, whose office then determines whether to initiate a further review.

YHC worked closely with the Ombudsman to create the appeals process and the formation of the Appeals Committee.

### **and c) taxpayers generally**

Taxpayers want reassurances that crown corporations of the Government of Yukon are effectively managed, that there are appropriate measures in place for the appointing of Directors, and clearly defined linkages with the government and its strategic directions. They want to know that their tax contributions are being responsibly managed.

Yukon residents who are interested in serving on the YHC Board of Directors submit their application to the Boards and Committees Secretariat in the Cabinet Office. This

open process allows Yukoners from every community to submit their name for consideration. This helps to create a balance within the Board in terms of location, gender, ancestry and skill sets. As members of the public, Board members also reflect individual, community and taxpayer issues during their tenure.

The application form requires the applicant to list skills and expertise that may benefit a particular board or committee. The Minister Responsible reviews the applications and then brings forward recommendations to Cabinet. If accepted by Cabinet, an Order-In-Council is issued, with the Director serving at pleasure.

The Minister, on behalf of the Government of Yukon, and the YHC Board of Directors negotiate and sign a yearly protocol agreement. The agreement specifies the roles and responsibilities of the Minister and the Board. The agreement is publicly available upon request to YHC. The Protocol Agreement also includes a requirement for the development of an annual operating plan to be reviewed by the Minister. Work is now underway for the development of YHC's 2004-05 annual operating plan.

Taxpayers also want to know that YHC is accountable in its decisions to lend money, as well as in its ability to collect on these loans. The ongoing assessment of financial risk is of extreme importance in YHC's lending and corporate management decisions.

For example, under the Mortgage Financing Loans Program, an internal Review Committee, comprised of senior YHC staff and the Program Officer, analyze the risk to both the client and the corporation. The analysis includes such components as employment, personal debt, credit, and ability to afford home ownership. The mortgage is only approved if the risk is deemed acceptable.

As a result, YHC's risk assessment and review policy (or practices) produces an extremely low rate of arrears. For example, as of December 31, 2003, YHC's portfolio was comprised of 1,346 loans with a principal balance value of \$41,111,264. The total value of payments in arrears was \$208,949, less than half of 1% of the total principal balance owing.

Other examples of internal procedures and compliance audits that strengthen YHC's accountability to taxpayers include:

- monthly Financial Statements and Management Reports (i.e. Arrears Report) to YHC's Executive Committee (comprised of the corporation's senior staff), President and Branch Managers. The Executive Committee reviews and discusses these reports regularly. Quarterly Financial Statements and Management Reports are also submitted to the Financial Management Committee, a sub-committee of the YHC Board of Directors, and subsequently, to the Board of Directors
- a full set of Financial Statements in a format acceptable to Auditor General of Canada for inclusion in the Yukon government's public accounts. The statements comply with Generally Accepted Accounting Procedures (GAAP) and comply with Canadian Institute of Chartered Accountants (CICA) handbook standards.

- two annual audits by the Auditor General of Canada. The first is a full financial audit of all activities, while the second is a full financial and compliance audit for Canada Mortgage and Housing Corporation related to the YHC's Social Housing Agreement with CMHC.
-