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September 25, 2023

Mayor John Taylor  
 Chair of the Board,  
 Mayor Iain Lovatt  
 Vice Chair of the Board  
 Housing York Inc., and  
 Mr. Bruce Macgregor  
 Chief Administrative Officer  
 The Regional Municipality of York  
 17250 Yonge Street  
 Newmarket, Ontario  
 Canada L3Y 6Z1

Delivered via email for external professional contact.

**Final Mandate Report for Housing York Inc. (HYI)**  
**The Regional Municipality of York**

**Board Effectiveness Assessment Methodology**

Board of Directors BEAM™ • Audit Committee BEAM™ • Compensation / HR Committee BEAM™ • Nomination / Governance Committee BEAM™ • Chair of the Board BEAM™  
 Committee Chair BEAM™ • Director Development BEAM™ • Director Competency Recruitment Matrix • CEO BEAM™

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### Introduction

I have been retained to conduct a review of HYI’s mandate and HYI’s governance. This Report pertains to my review of HYI’s mandate and includes a proposal of a draft Mandate for HYI.

The proposed draft Mandate for HYI reflects input, and in some cases direct commentary, from (i) The Regional Municipality of York and (ii) Officers of HYI.

### Independence and Qualifications

I am an independent advisor possessing expertise in corporate governance. I hold a PhD in the area of board effectiveness. I have advised and trained on mandates and assessed several dozen boards, including public sector boards in highly regulated industries, and interviewed hundreds of directors.

## Role of the Shareholder and HYI Officers

The Shareholder, The Regional Municipality of York, and Officers of HYI have provided me with any and all information that I have requested in a timely manner.

## Methodology

The methodology for this review and draft Mandate for HYI includes a documentation review; written questions and answers; participatory and collective interviews with each of (i) The Regional Municipality of York and (ii) HYI Officers; and federal and provincial ministry, agency, board and commission mandate reviews.

More particularly:

- (i) The following documents pertaining to HYI were reviewed: Annual Reports; Board Member information; Business Plans and Budgets; By-laws, Policies and Guidelines; Constating and other Legal Documents; [Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1](#); Amended and Restated Shareholder Direction, June 30, 2022; and Risk, Compliance and Audit documents.

A total of thirty-six documents were reviewed.

- (ii) Seventy-five questions were posed to The Regional Municipality of York and to HYI Officers on April 22, 2023, pertaining to the draft Mandate and governance of HYI. The Regional Municipality of York and HYI Officers cooperated fully and provided answers in a full, true and plain manner. Answers were provided by Carmen Cancelliere, Legal Department; Glenn Lang, CAO Office; Kathy Milsom, General Manager, Housing Services; Laura Mirabella, Regional Treasurer; Michelle Morris, Regional Auditor; and Chris Raynor, Regional Clerk.
- (iii) Interviews were conducted virtually (i) with The Regional Municipality of York on May 23, 2023, including Carmen Cancelliere, Katherine Chislett, Jody DeGagne, Glenn Lang, Jason Li, Bruce Macgregor, Laura Mirabella and Michelle Morris; (ii) with HYI Officers on May 25, 2023, including Dan Kuzmyk, Kathy Milsom, Chris Raynor, Omid Tavakoli-Nabavi and Michelle Willson; and (iii) with the Chair of the Board, and Vice Chair of the Board of HYI, Mayors and Messrs. John Taylor and Iain Lovatt, respectively, on July 11, 2023.
- (iv) Mandates were reviewed of Comparable Organizations, as applicable.
- (v) Provincial mandates were reviewed of agencies, boards and commissions, including current and former clients of Dr. Leblanc.

All the items within the draft Mandate in this Report are based on best mandate practices, to be described next.

## Definition and Best Practices of a Mandate

A mandate is a written directive, often in the form of a letter, that is provided from, normally, the senior most individual of one entity to the senior most individual of a second entity, whereby the first entity has authority, normally on the basis of ownership as sole shareholder, over the second entity and the second entity is accountable to the first.

A mandate prescribes policy, courses of action, and performance expectations. It applies to the organization as a whole, including the board of directors, management and employees.

Mandates for public sector organizations, from elected political leaders, as representatives of taxpayers who have elected such leaders, are considered a best practice for the following reasons.

A Mandate:

- (i) Establishes public accountability and delegation;
- (ii) Provides clarity to the Organization as to what outcomes and actions (i) should (and should not) be prioritized, and (ii) are (and are not) permissible;
- (iii) Underscores the importance of the use of public funds by the Organization with respect, honesty and integrity;
- (iv) Reflects legislation, regulation and agreements applicable to the Organization;
- (v) Provides guardrails to the Organization's Officers and Board of Directors for the review and recommendation, and review and approval, respectively, of the Values, Vision, Mission, Strategic Plan and Enterprise Risk Management Framework (or the equivalents) of the Organization;
- (vi) Is evidence-based, comprehensive, and tailored and to the Organization's constating and other legal documents, ownership, strategy and risk profile;
- (vii) Is up-to-date, regularly reviewed, and benchmarked against mandates of comparable organizations;
- (viii) Embeds and imparts best financial, human resource, governance, sustainability and technology practices into the Organization;
- (ix) Is publicly accessible by internal and external Stakeholders to the Organization, including all Employees and other Stakeholders affected by the Organization and its goods, services or activities; and
- (x) Enhances alignment and an orientation towards consensus.

## **HYI's Constatng Documents, Draft Mandate and Recommendations**

HYI has a Certificate of Incorporation, dated January 1, 2003.

Through the [Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1](#), and its Regulations, the Province also sets direction and rules governing HYI as a local housing corporation under s. 24 of the Act, as it pertains to the management and operation of designated housing projects.

HYI has a General By-Law No. 2-18, signed on June 28, 2018.

HYI has an Amended and Restated Shareholder Direction, dated June 30, 2022.

### **Mandate for HYI**

What follows is a draft Mandate for Management of The Regional Municipality of York, and the Board of Directors (Board) and Officers of HYI, to review and recommend, and, if compliant with the [Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1](#), and any other HYI legislative, regulatory or other underpinnings, for Council of The Regional Municipality of York to review and approve.

It is recommended that:

1. The Regional Municipality of York Management review and recommend to The Regional Municipality of York Council, for review and approval, the Mandate of HYI.
2. The Mandate for HYI be reviewed by Management of The Regional Municipality of York, in collaboration with the Board and Officers of HYI, every four years between municipal elections, or if there is a change in provincial governing legislation, or an alternate Regional direction through a shareholder agreement, and recommended to Council of The Regional Municipality of York for review and approval.
3. Annually, the General Manager of HYI, as the senior most day-to-day decision-maker of HYI, recommend to the Board of Directors of HYI, for review and approval, and submission to the Shareholder, a section within the Annual Report of HYI confirming that HYI has acted in accordance with the Mandate.
4. That the Mandate be reasonably visible to, and accessible by, internal and external Stakeholders of The Regional Municipality of York and of HYI, by being reasonably apparent or posted on each of The Regional Municipality of York's and HYI's websites.

### **HYI's Draft Revised Mandate and Expansion**

There exists consensus that, given the acute importance of housing and the demand not being currently met within the Region, the Mandate of HYI shall be expanded in a deliberative, incremental but reasonably expeditious manner, as permissible under HYI's governing legislation:

To explore innovative housing delivery options that leverage private sector expertise and resources while continuing to operate HYI as a wholly publicly owned housing corporation.

Please see “Expanded Mandate of HYI,” at item 1 within the Revised Draft Mandate of HYI to follow.

### **Revised Draft Mandate of HYI**

The oversight of Officers of HYI by the Board of HYI, and the Board providing such oversight consistent with Shareholder direction, will ensure that the terms within this Mandate are fulfilled to the Shareholder’s satisfaction.

#### **1. Expanded Mandate of HYI**

1. Given the acute importance of housing and the demand not being currently met within the Region, the Mandate of HYI shall be expanded in a deliberative, incremental but reasonably expeditious manner, as permitted by HYI’s governing legislation, to explore innovative housing delivery options that leverage private sector expertise and resources while continuing to operate HYI as a wholly publicly owned housing corporation, as proposed by Staff and approved by The Regional Municipality of York.
2. In addition to item 1., at the direction of the Shareholder, and subject to the requirements of HYI’s governing legislation, financial requirements and funding, directly or through partnerships or purchase of services, HYI shall (i) own, operate, acquire or have an ownership interest in core affordable rental, emergency and transitional housing facilities and auxiliary space; and (ii) provide related services and programs on behalf and at the request of the Shareholder, in a cost-effective, safe, reliable, efficient manner that provides value for money and uses public funds with respect, honesty and integrity.
3. (i) The management, maintenance and operation of HYI’s housing and related assets shall occur, including, in conjunction with the Shareholder, receiving funding from the Shareholder to subsidize operational and capital repair costs; and (ii) the procuring, awarding, executing, project managing and awarding of contracts, as the case may be, to affect the foregoing.
4. In compliance with the [Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1](#), the Region, as Service Manager, shall oversee certain functions of HYI as a Local Housing Corporation.
5. The providing of core services shall occur to tenants beyond the basic resident landlord obligations, and the engagement in other explicit activities as permitted by HYI’s Articles and the Amended and Restated Shareholder Direction, and as required by the [Housing Services Act, 2011, S.O. 2011, c. 6, Sched. 1](#), shall also occur.

6. (i) The multi-year Business Plan of HYI, consistent with Shareholder direction and reflective of this Mandate, shall be reviewed and approved by the Board of Directors (Board) on an annual basis; (ii) the Business Plan shall include Key Performance Indicators (or the equivalents) to measure the achievement of the Business Plan; and (iii) the achievement of the Business Plan shall be monitored and regularly discussed by the Board.

## **2. Governance, Transparency and Accountability**

7. The Board, the Chair of the Board (Board Chair), the Vice Chair of the Board, individual Directors, and the General Manager, as the senior most Officer who performs the day-to-day management role, shall have explicit roles and responsibilities, in the form of stand-alone Guidelines or a Position Description, as the case may be, that are, in conjunction with the Shareholder, regularly reviewed and approved by the Board.
8. Comprehensive and formal orientation and continuing education opportunities shall be provided to HYI Directors on the nature and operation of HYI's business; the legal, regulatory, financial, technological and sustainability environment of HYI; the relationship and accountability to the Shareholder; financial reporting; governance and risks of HYI; educational opportunities for, or as desired by, Directors to maintain their competencies and knowledge of HYI; and the contribution that individual Directors are expected to make.
9. All action of HYI shall be consistent with the Amended and Restated Shareholder Direction and the Property Management Services Agreement, and there shall exist adequate controls to ensure that any action that may not be in compliance with the foregoing Amended and Restated Shareholder Direction; Property Management Services Agreement; General, Borrowing, Purchasing and Execution of Documents By-Laws; and Agreements and Policies of HYI, is detected in as reasonably a practicable manner as possible, and promptly reported to the Board.
10. The General Manager of HYI, who is an employee of the Shareholder holding the role of General Manager of Housing for the Region of York, within the Position Description of the General Manager, is accountable to the Board.
11. The Board meet at each regularly scheduled Meeting in an in camera session in the absence of HYI Officers or other Staff, other than with the attendance of the representative of the Shareholder (e.g., Chief Administrative Officer) and Regional Clerk.
12. The Board shall meet at each regularly scheduled Meeting in an in camera session with the CEO (or designate, such as General Manager) only, and no other HYI Officer or other Staff, other than with the attendance of the representative of the Shareholder (e.g., Chief Administrative Officer) and Regional Clerk.
13. Transparency and accountability in communication and reporting occur among the Shareholder, Board and Officers of HYI.



14. The Board, every four years, shall be canvassed, in writing, on any opportunities for development or possible strengthening of governance practices, and act on implementing any governance enhancement as appropriate.

### **3. Communications and Stakeholder Relations**

15. HYI Officers shall develop a consultative, substantive and engaging approach in managing all Stakeholder relationships effectively.

### **4. Risk Management, Compliance and Internal Audit**

16. The Board shall, in conjunction with the Shareholder, who shall set parameters within which risk is acceptable, review and approve annually, and report to the Shareholder, a written Enterprise Risk Management Framework (or the equivalent) provided by the President, that includes the significant financial and non-financial risks of HYI, the internal controls to mitigate such risks, and appropriate assurance that the internal controls are functioning as intended.
17. Significant financial and non-financial risks and their mitigants shall be, in conjunction with the Shareholder, regularly reported to the Board and Shareholder in writing throughout each year.
18. The General Manager and CFO shall attest annually that HYI is in compliance with all relevant legislation, regulation, By-laws and agreements applicable to HYI.
19. Subject to the views and in coordination with York Region's Audit Service Branch, the Audit Services' Risk-Based Work Plan shall be brought forward to the Board annually. The Audit Committee, via Council, shall review and approve annually the Audit Risk-Based Work Plan.
20. Audit Services shall provide semi-annual Status of Management Action Plans to, in addition to the Audit Committee of the Shareholder, to the Board detailing (i) the remedying of any internal control deficiencies; and (ii) the implementation by Officers of HYI of Recommendations by Audit Services.
21. The Board shall have authority to retain any external service provider to provide an opinion on, in no particular order, (i) the adequacy of the design and implementation of internal controls over any significant risk(s) to HYI; (ii) any governance matter of HYI; or (iii) any legal matter of HYI, separate and apart from Legal Services and the Region. External legal services shall be retained through the Legal Services Branch.

### **5. Information Technology and Digitization**

22. Investment in and commitments to technology and other resources shall occur to enhance (i) data collection, management, reporting, insights, and effects on policymaking; (ii)



replacement of any outdated technology and other aged, or exceeding of useful life, assets; and (iii) risk oversight and reporting in real time. Proposed new investments will first consider like products and licensing already in place within the Region.

23. HYI Officers shall continue to enhance, as appropriate, the collection, management, interpretation and otherwise use of data to streamline business processes and procedures, inform outcomes, enhance communication and augment performance management.

## **6. Financial Responsibility**

24. Subject to The Regional Municipality of York's annual budget process, the Board shall review and approve the proposed budget for an ensuing fiscal year, and the financial statements and reporting during the current fiscal year, and oversee HYI and Officers to manage within this budget allocation.
25. Processes shall be in place, in conjunction with the Shareholder, to align or rebuild HYI's funding, capital position and reserves, and oversee debt level and obligations, given short- and long-term forecasting and possible or anticipated funding shortfall, given the effects of [Bill 23, More Homes Built Faster Act, 2022](#), making growth-related costs ineligible for developmental charges.
26. (i) Regular, consistent and comprehensive fiscal updates and forecasts shall be provided to the Board so that plans can be formulated, in conjunction with the Shareholder, to address any funding shortfall(s) that may occur, which may be exacerbated by legislation, regulation, or exogenous events or housing demand changes; and (ii) prioritizing shall occur, in conjunction with the Shareholder, of essential housing and housing services that align with HYI's core mandate when considering the quantum, source, management and distribution of funding.
27. HYI Officers shall work closely with the Shareholder to identify alternative or innovative funding sources and receive input from the Board in this regard.

## **7. Human Capital Management**

28. The Board shall, in conjunction with the Shareholder, review and approve annually the HYI Goals (e.g., Annual Business Plan Key Performance Indicators) for which the General Manager is responsible for achieving.
29. The Board or the Board Chair shall annually evaluate in writing the performance of the General Manager, including achievement of Annual Business Plan Key Performance Indicators.

## 8. Environmental Sustainability

30. HYI shall continue to implement energy-efficient projects to reduce greenhouse gas (GHG) emissions, utility consumption and operating costs, whilst maintaining resident comfort levels in accordance with the HYI Energy and Utility Management Plan.
31. HYI shall develop policies, programs and practices to adopt energy efficient technologies, to (i) reduce utility costs, annual electricity and natural gas usage; and (ii) incorporate into capital renewal efforts, including but not limited to triple-pane windows, increased roof insulation, and using heat-pump based HVAC technology.
32. Subject to the views and in coordination with the relevant incumbent or department within York Region, given broader Environment, Social and Governance reporting obligations, HYI shall consider the relevance and applicability of adopting, embedding and complying with a standard for environmental sustainability including housing and housing related services disclosure, reporting and practices.

The selection of a standard for environmental sustainability shall include consideration and application of one or more of the following independent standards: (i) [Task Force on Climate-related Financial Disclosures](#), (ii) [Sustainability Accounting Standards Board](#), (including the [Home Builders Sustainability Accounting Standard](#)); (iii) [Global Reporting Initiative](#), and/or (iv) the [LEED \(Leadership in Energy and Environmental Design\) for Homes Rating System](#), in order to adopt more systematic disclosure of environmental sustainability processes and practices applicable to housing and housing-related services.

## 9. Diversity and Inclusion

33. The Board and Officers of HYI continue their efforts to be diverse in their make-up, including in respect and consideration of the following groups, as applicable: women, Indigenous peoples, racialized persons, persons with disabilities, and LGBTQ2SI+ persons.
34. HYI Officers shall develop policies, programs and practices (i) to ensure that the HYI workplace, housing and housing services are accessible, diverse, equitable and inclusive; and (ii) to the fullest extent practicable, Tenants and other individuals are valued and respected, their voices are heard to inform such policies, programs and practices, and there is an absence of violence, discrimination and harassment.
35. HYI Officers shall take all reasonable steps to ensure that data is collected to promote the foregoing evidence-based policies, programs and practices in a manner that is consistent with applicable legislation, regulation and transparency and privacy requirements of individuals, data management and data sharing.

## 10. Ethical Conduct

36. The Board shall satisfy itself, in as reasonably a practicable manner as possible, (i) of the integrity of the General Manager and the Chief Financial Officer (CFO), and (ii) that the General Manager and CFO create a culture of integrity within HYI.
37. (i) A channel for reporting of possible wrongdoing within, or in respect of, HYI, by any Director, Officer, other Employee of the Shareholder, key Vendor, or other key Stakeholder of HYI, exists (or the equivalent channel offered by the Shareholder that is known and applicable to, and used by HYI) such that the Board, or a subset of Directors, may receive such reporting in an anonymous fashion if any individual reporting such possible wrongdoing desires; and (ii) the Board, or a subset of Directors, regularly reviews any report(s) of possible wrongdoing and takes appropriate action if or as necessary.
38. The Board shall enter into private session periodically with each of the CEO (or designate, such as General Manager), the Chief Financial Officer, and the External Auditor to ask if each is aware of any incidents or suspected incidents of fraud, in respect of HYI.<sup>1</sup>

### Conclusion

Through the foregoing items in this Mandate, The Regional Municipality of York will be assured of wise use of taxpayer funds and best in class governance and delivery of housing and housing related services by HYI.

The General Manager of HYI, annually, shall include a section within the Annual Report of HYI, which has been reviewed and approved by the Board, confirming that HYI has acted in accordance with this Mandate.

This Mandate shall be operative for the next four years, or fewer in the prerogative of The Regional Municipality of York.

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<sup>1</sup> Please note that under Section 6.11(f) of the existing Amended and Restated Shareholder Direction, the recording clerk would still be required to be present for private meetings discussing personnel issues.