

# SECTOR RENEWAL - THE HUMAN CAPITAL SIDE

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Non-profit housing has been a highly successful model of social housing for over three decades. During that time the sector has built up a great deal of human capital, creating jobs in directly related housing provider organizations, indirect product and service organizations and within various levels of government. These jobs also span many levels - from the unionized superintendent to the executive director.

Housing is a complex asset requiring a multi-disciplinary set of skills to be possessed by both staff and their volunteer board members. Not only does it require knowledge dealing with the physical plant management and maintenance, it requires operations skills related to finance, budgeting, accounting, technology, labour relations, human resources, tenants and their support services, language or cultural needs - just to name a few. In today's environment we also require knowledge about the working of government programs, legislation, related systems and funding formulas. It is not surprising, therefore, that the private sector and municipalities are constantly recruiting from non-profit and co-op housing providers.

With the devolution of housing to the municipal level, and no significant housing interest or investment in the past 12 years from either the provincial or federal governments, the human capital supply of housing providers is aging and diminishing, with no signs of improvement unless some sort of renewal strategy is developed and implemented.

Another dynamic at play is that as the provincial housing administration continues to devolve to the 47 Service Managers, the ratio of administrative expertise to front-line housing management expertise is also shifting. This means that the sector is more top-heavy and the pool of human capital with front-line housing development and management skills is shrinking, relative to the pool of trained administrators.

### **Current Situation:**

Social housing's role is to help people live independent lives by providing them with safe, decent and affordable housing. It has been, and will always be, dependent on some



form of government assistance to bridge the gap between what people can afford and what rents need to be charged.

An unfortunate by-product of this high dependence on government is being subject to the whims and ideologies of changing governments, particularly when no long-term strategy or plan is in place. On-again/off-again programs are detrimental to developing and sustaining the human resources needed in the sector. During the dry periods, human capital capacity is lost and cannot be fully replaced when the next program emerges.

While we see governments funding long-term plans and commitments in municipal infrastructure, health and most recently, transit planning within the GTA – there is no such approach to housing. Housing deserves a similar type of funding environment in order to build vital community infrastructure, and to promote a much more stable, and therefore attractive, environment for managing human capital.

When the previous provincial Conservative government cancelled housing programs in the mid 1990's those with the technical expertise and historical knowledge were quickly absorbed into the newly configured, devolved housing world. Demand for expertise was high, but with a limited number of jobs available, many were forced to leave the sector for good - thus erasing a significant amount of corporate knowledge and expertise.

Today's demand for expertise continues to remain high and with a short supply, the cost of that labour has increased. As a consequence, it is only the larger municipally-owned housing sector that can best afford the much richer compensation packages for comparable work, while the private non-profits and co-ops become, at best, "farm" teams and, at worst, unable to manage their organizations to expected standards.

The diminished capacity of the sector is further exacerbated by other factors, namely:

- The sector itself is aging. As older staff and their boards reach the age of retirement, there are not enough new trained recruits coming along to take their place and those that are available are often tempted away by larger organizations (both public and private) with richer compensation packages, more variety of work opportunities and better promotional opportunities.
- Housing development and management are not seen as "career" fields with connected career pathways that involve the private sector, the non-profit sector and



the government sector. As such, housing is neither perceived, nor promoted, as a viable career choice.

- As a corollary, there are no formal educational pathways within the academic community in the form of multi-disciplinary degree or diploma programs in housing that prepare individuals for jobs.

The magnitude of a human capital deficit is on the brink of becoming critical. ONPHA recently conducted a retirement survey of approximately 200 of its members and the preliminary results showed the following:

- Approximately 88% of all executive directors, general managers and senior staff are over the age of 40, with well over half being age 55 or older
- 45% plan to retire within the next 2 to 5 years, while 55% expect to retire within the next 6 to 10 years
- Over 85% of providers have no succession plan for the chief executive staff member

## **The Cost of Doing Nothing:**

Maintaining the status quo is always an option but to do so means that our “in-house” human capital, especially at the front lines, will erode, and eventually evolve into a labour force that is less skilled. Given the complexities of the sector, this is something we can ill afford.

As staff and volunteer board members retire, municipalities who continue to have legislated service level responsibilities, will be left to fill the gaps. There won't be a lot of choices. The most obvious option will be contracting out to private sector development and property management firms. Another will be to push for more efficiency, which could mean hastily imposed shared service and amalgamation models. While there are some private sector firms that understand the non-profit business model, it is not likely that the community-based elements, service supports and community integration philosophies will be understood or preserved.

## **What Needs to Be Done:**

Non-profit housing is founded on assistance from all 3 levels of government. Thus, all levels of government **must** contribute to sustaining this industry.



Building on the point above, we need to develop housing as a “career” field. Government should sponsor internship and co-op programs similar to the recent Ministry of Municipal Affairs and Housing and Association of Municipal Clerks and Treasurers of Ontario partnership as a means to replenish the supply of skilled municipal clerks, treasurers and managers within senior levels of local government.

Government should also provide incentives for people to relocate and work in the non-profit housing field in remote and smaller communities, where the labour supply is much smaller than in urban centres. Sector organizations can assist in the development and delivery of such incentive and secondment programs. Secondment programs are also a common mechanism for getting around salary disparity between sectors – as, for example, when the banking sector seconds senior people to the Ministry of Finance.

Government interest in housing could also send a positive signal to the academic community. The academic community must be engaged both at the college and the university levels. This could be done with one, or more, sector organization bodies acting as the interface between the academic institutions and housing providers.

Housing should be recognized as a multi-disciplinary field covering many aspects (finance, law, business, economics, social work, property management) and academic curriculum should be designed accordingly – at the community college level a curriculum more focused on providing the technical skills, and at the university level, a curriculum geared towards creating thinkers and theorists who can move into housing policy careers. Academic work should be supplemented with in-the-field co-op work programs.

Housing development and management needs to be marketed as a career, offering multi- sector opportunities. In the long run, we should strive for a system that can be joined with other sectors and connected to opportunities in other fields, including those that are not necessarily housing-related. Creating such inter-connectivity will most certainly be attractive to young people, who will see their skills and experience as being exportable and importable.

An active promotion and advertisement campaign should be undertaken within public schools, high schools and at career planning and placement fairs within colleges and universities to explain the many housing jobs that could be secured.



To the extent that some providers may be too small to create and maintain promotional “job chains” or pay comparable salaries, some reconfiguring of providers may be a good thing, provided it is a competitive response that evolves, rather than one that is hastily imposed. This could come in the form of provider-led consolidations or, alternatively, providers banding together to form shared service delivery models of operation.

In the meantime, many providers will also need to come to grips with a succession problem. As evidenced by ONPHA’s survey, few have turned their attention to this form of planning, and a coordinated succession planning program may be in order. Such a program would help organizations identify, well in advance, where gaps will occur, the types of skills and knowledge that will be needed, and strategic options on how best to fill them - before the human resources are actually lost. Options would need to address where replacement skills will come from along with possible organizational restructuring if such skills are not easily replaced. Finally, the program should, necessarily, be linked to the academic programs and initiatives described above.