
ASSET MANAGEMENT FOR HOUSING CORPORATION

Effective Date: September 28, 2018

Approved By: MVHC Board

Policy No. FN-024

PURPOSE

To establish asset management principles and a framework that balances asset performance, risk and the cost that supports the long term provision of affordable housing.

POLICY

Metro Vancouver Housing Corporation (MVHC) provides homes throughout the region for families and individuals with low to moderate incomes. This Policy outlines Metro Vancouver's commitment and methodology to manage housing assets in a manner that minimizes asset failure risks and impact to tenants and optimizes the life cycle value of assets. The *Asset Management Policy* guides MVHC to meet asset performance targets within a specified budget and enable evidence based decision making to continuously provide quality affordable housing.

ASSET MANAGEMENT PRINCIPLES

The following principles guide the methodology for managing MVHC assets:

- a) **Integrated:** a comprehensive approach that examines the combined implications of managing all aspects of the asset life cycle. This includes interdependencies of assets or asset systems;
- b) **Risk-based:** manage asset risk relative to defined performance targets and asset criticality and focus expenditures and priorities based on risk and associated cost and benefit;
- c) **Sustainable:** a long-term approach to estimating asset investment and activities, which will better enable assets to meet future challenges, including changing demographics, legislative requirements and technological, financial and environmental factors;
- d) **Fiscally Responsible:** ensure activities and decisions are aimed at reducing the life cycle cost of asset ownership, while achieving defined asset performance targets;
- e) **Systematic:** a formal, consistent, repeatable and methodical approach to the management of assets; and
- f) **Innovative:** continuous improvement in Asset Management by examining new tools, technologies, practices and solutions.

ASSET DATA AND INFORMATION

To measure performance of MVHC assets, MVHC will maintain an Asset Registry with comprehensive and accurate asset data and information. Data will be organized in a structured manner so that it can be stored, analyzed and reported at an adequate level for different business needs. Integrity of

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the data shall be constantly monitored, updated and maintained to provide accurate asset information.

The MVHC Asset Registry will include at a minimum, the following:

- Asset grouping (e.g. building element)
- Asset location (e.g. site)
- Asset details (e.g. make, model, material, size, install date, expected service life)
- Asset criticality and risk information
- Financial information (e.g. estimated replacement cost)
- Asset condition and/or estimated remaining service life

ASSET PERFORMANCE AND LIKELIHOOD OF FAILURE

MVHC will manage and renew each asset in accordance with clearly defined asset performance metrics and targets.

Performance Criteria	Performance Criteria Definition	Key Performance Indicator (KPI)*	Performance Target*
Condition Rating	Condition of asset below target	Facility Condition Index (FCI) FCI – is an industry standard infrastructure risk metric used to track condition performance of facilities and portfolios.	The performance target for FCI is presented as a percentage in the MVHC Asset Management Plan.
Performance	Asset performing below targeted performance (expected service life)	Asset performance vs Designed Performance	Frequency of work requests generated to maintain asset.

ASSET CRITICALITY & CONSEQUENCE OF FAILURE

Asset criticality is a measure of the asset's relative consequence of failure. It is considered in planning asset replacement, rehabilitation, operations and maintenance strategies as well as alternative risk mitigation strategies (e.g. emergency preparedness and response planning). High criticality asset elements (e.g. parkades, roofing) have the potential for significant impact on services if they fail. Failure of low criticality assets will have low impact on services. As there is less tolerance for asset failure of high criticality assets, they will be monitored more frequently and have higher priority for asset inspection and improvement work than medium or low criticality assets.

The criteria outlined below will be considered and ranked when determining asset criticality (consequence of failure):

Consequence of Failure Criteria (Criticality)	
Health & Safety	Life safety
Site	Site safety and security
Regulatory	Building code compliance
Occupancy Impact	Impact to tenants or increased vacancy rate
Operational	Increase in O&M cost
Asset Life Cycle	Reduced asset life expectancy

ASSET RISK AND LIFECYCLE MANAGEMENT STRATEGIES

Managing risks associated to the assets is essential for maintaining expected service levels. Risk is the combination of likelihood and consequence of a failure event occurring.

Key performance indicators and asset performance targets will be monitored to identify the likelihood of failure of an asset. When asset data and information indicates that an asset is failing to meet performance target(s), MVHC staff will identify the relative consequence if the asset fails (asset criticality), assess the risk and identify options to address the risk. Risk mitigation options could include asset replacement, rehabilitation, modified operations and maintenance strategies.

In evaluating different options, economic, social and environmental benefits will be considered for each option. Total asset life cycle costs including capital investment, expenditures related to operations and maintenance of the asset costs will be considered. Where major capital investment is required, MVHC will evaluate potential redevelopment of the site versus rehabilitation to ensure that the best long term solution is considered and achieved prior to major capital investment.

ASSET MANAGEMENT PLANS

MVHC will have an asset management plan to summarize asset performance data and information, including a summary of performance risks. The Asset Management Plan will also outline the risk mitigation strategies (including capital investments, operating and maintenance strategies and emergency response strategies).

The Asset Management Plan will be updated on a regular schedule (minimum every 5 years).

CONTINUOUS IMPROVEMENT

MVHC will examine, monitor, identify and address asset management improvement opportunities to enhance asset management tools, technologies and business practices.

Staff will be properly trained to support asset management activities from assessing asset condition to renewing assets to improve asset performance.