



**STAFF REPORT
ACTION REQUIRED**

**City of Toronto Transition Support for Toronto
Community Housing**

Date:	May 5, 2014
To:	City Council
From:	City Manager
Wards:	All
Reference Number:	

SUMMARY

On April 22, 2014, the City of Toronto Ombudsman released a report entitled *Unrule(y) Behaviour – An Investigation into Toronto Community Housing Corporation's Human Resources Policies and Practices* based on complaints received on recent practices at Toronto Community Housing (TCH).

On April 25, 2014, the TCH Board of Directors met in-camera to discuss the report. Following the in-camera meeting, the TCH Board Chair announced the appointment of Greg Spearn as interim President and CEO of TCH. The Chair also requested support from the City of Toronto during the period of transition until a new permanent President and CEO is appointed. The Board has put in place a subcommittee consisting of five members of the Board that will provide guidance, oversight and assistance to the interim President and CEO.

On April 30, 2014, the Board of Directors announced the departure of the Vice President, Human Resources and that an interim leadership structure for TCH's human resources function would be announced shortly.

In response to the April 25th request of the TCH Board, this report recommends that City Council request the City Manager to establish a City staff team to provide assistance to the Board and the executive leadership team during this period of transition. The primary goal of the City Manager's staff team will be to provide whatever assistance the Board and its leadership team may require, over a period of approximately six months, to ensure TCH remains stable, to support continuity of service and to protect and promote the best interests of the residents.

Initially, City staff will work with TCH to provide the following support:

- advice on measures to ensure implementation and compliance with TCH Human Resources policies, requirements and rules; and
- as Service Manager, conduct an assessment of TCH's administration of social housing focussing on core business and organization processes, systems, functions and roles.

City staff will work with TCH to identify any additional supports required and will develop the scope and nature of assistance the City will provide to TCH.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council, in response to the April 25th request to City Council of the Toronto Community Housing Board and in recognition of the City's dual role of Shareholder and Service Manager for Toronto Community Housing Corporation, and to ensure the continuity of services to residents, request the City Manager to establish a City staff team to provide assistance to the TCH Board of Directors and its executive leadership team.

Financial Impact

There are no financial implications resulting from adoption of the recommendation included in this report. Any costs associated with providing assistance to Toronto Community Housing will be provided on a cost recovery basis or absorbed within the existing 2014 operating budget.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

On April 22, 2014, the City of Toronto Ombudsman released a report entitled *Unrule(y) Behaviour – an Investigation into Toronto Community Housing Corporations' Human Resources Policies and Practices*. The report included twelve recommendations all of which were accepted by the TCH Board of Directors.

<http://ombudstoronto.ca/sites/default/files/TCHC%20Final%20Report.pdf>

At its meeting on April 25, 2014, the TCH Board of Directors appointed an interim President and CEO and approved the following resolution:

"Request that Toronto City Council, in recognition of its interests as Service Manager and Shareholder of Toronto Community Housing, authorize the City Manager to provide the Board with assistance during this period of transition

including, without limitation, in developing best practices in Toronto Community Housing's human resources policies and procedures".

TCH's transmittal to the City Manager of the Board's April 25, 2014 Resolution is included as Attachment 1 of this report.

ISSUE BACKGROUND

The City's legal relationship with Toronto Community Housing (TCH) is twofold: that of sole Shareholder (Shareholder) and that of Consolidated Municipal Service Manager (Service Manager) for social housing in the City of Toronto. The City has responsibilities and powers to act in both roles. As Shareholder, the City can give broad and specific direction to TCH as the City's housing corporation. As Service Manager, the City administers the requirements of the *Housing Services Act, 2011 (HSA)*, for more than 240 social housing providers, including TCH.

The City as Shareholder

At its meeting held on November 13, 14, 15 and 18, 2013 City Council adopted an Amended and Restated Shareholder Direction (Shareholder Direction) setting out TCH's mandate and responsibilities to the City as Shareholder.

The Shareholder Direction recognizes TCH as an independent business corporation responsible for the management of its business affairs in compliance with the Shareholder Direction. TCH provides, operates and maintains housing, administers rent-g geared-to-income (RGI) assistance programs, provides accommodation for people having special needs and may operate other businesses that are consistent with the Shareholder Direction and the *HSA*.

TCH has broad self-directed authority to manage and supervise its business affairs. TCH is accountable to Toronto City Council in its role as Shareholder through annual submissions of its Business Plan, Ten-Year Capital Financing Plan, Annual Report, audited consolidated Financial Statements and other requirements. The 13 member TCH Board of Directors is responsible for the management of its business and affairs.

The request from the TCH Board of Director for support during the transition period is consistent with the purposes of the Shareholder Direction to:

- provide the Board with the Shareholder's fundamental principles regarding the Business (2.2 a);
- set out the accountability, responsibility and relationship between the Board and the Shareholder (2.2 d);
- set out the City's expectations of and objectives for TCH (2.2 e);
- set out TCH's mandate, scope of responsibilities and reporting requirements (2.2 f); and

- establish the Shareholder's principles, objectives and requirements of governance for TCH (2.2 g).

The Shareholder Direction, can be accessed at the following link:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.EX35.5>

The City as Service Manager

The City of Toronto as Service Manager under the *Housing Services Act, 2011 (HSA)* and applicable operating agreements has the responsibility to fund and administer social housing programs in the City of Toronto, including programs managed by TCH.

The *HSA* and its associated regulations establish rules and procedures for matters such as the powers and duties of service managers, local housing corporations, rent-g geared-to-income (RGI) eligibility, selection of tenants, calculation of rent, operating frameworks for social housing providers, and funding.

The *HSA* provides the City of Toronto as Service Manager with the ability to conduct reviews of social housing providers to ensure compliance with legislation, regulations, rules and procedures.

COMMENTS

On Monday, April 28, 2014, City staff met with the Chair of the TCH Board of Directors, the interim President and CEO, and members of the executive leadership team to have initial discussions regarding the nature of assistance the City could provide, over an anticipated six month timeframe, that could be helpful and beneficial to TCH during this transition period.

Further discussions will be necessary to fully understand the scope of assistance required, however, it was mutually agreed that, as initial steps, TCH would benefit, during the transitional period, from City expertise and advice on measures to ensure compliance with Human Resources policies, and from a review to assess the effectiveness of TCH operations and to make recommendations for improvement.

1. Human Resources Advice

The Ombudsman's report, *Unrule(y) Behaviour*, contained twelve recommendations related to TCH's Human Resources Policies and Procedures including recommendation 2, which states, "TCH consult with the Human Resources Division of the City of Toronto with respect to human resources policies and practices with a view to considering the best practices already developed by the City, and to identify opportunities to improve TCH's policies in a cost-effective and efficient manner".

Consistent with this recommendation and with the sole responsibility of the TCH Board of Directors and its executive management to direct and manage all its business

operations including the direction and management of all TCH human resources and labour relations matters, the City Manager will ensure that, during the period of transition, necessary staff and resources from the City's Human Resources Division are made available on a cost recovery basis to provide advice to the TCH Board of Directors and its executive leadership team on best practices with respect to human resources policies, procedures, job evaluation, record keeping and staff training.

2. Service Manager Assessment

In its role as Service Manager, City staff have well-developed processes and regularly conduct reviews of the 240 social housing providers under the City's administration to assess compliance with legislative requirements and provide direction or advice on operational, administrative and governance practices. Reviews are part of the City's regular and ongoing quality assurance and due diligence as Service Manager.

City staff will initiate a review to assess TCH's administration of social housing. TCH is both complex and challenging due to its size. Of the approximately 94,000 units of social housing under the City's administration, 58,500 units housing some 164,000 residents are operated by TCH representing 62% of the City's total social housing portfolio. Upon completion of the review, staff will report to the TCH Board with findings and advise TCH's executive leadership team on the implementation of any recommendations.

The intention of the City's review is to assist the TCH Board of Directors to comply with its responsibility to ensure that TCH's operations are effective and compliant with the HSA and applicable operating agreements and that the Corporation has opportunity to benefit from others' best practices.

The review will focus on core business/organizational processes, systems, functions and roles using existing review practices and other compliance methods and adapt them to the current needs and issues. Due the scale and complexity of TCH operations, staff will draw on the expertise of City divisions, including Legal Services, Human Resources, Corporate Finance and Internal Audit. The review will complement the City's on-going oversight and compliance monitoring of TCH and will avoid replicating recent reviews conducted by the City's Ombudsman and Auditor General. City staff will also consult with other service manager jurisdictions (i.e. provinces and/or municipalities) to share their knowledge and best practices in the efficient and effective delivery of service by their local housing corporations.

City staff will work with the Interim President and CEO and the executive leadership team to determine the scope of the review and develop a work plan. Final recommendations from City staff will identify opportunities for the Board of Directors and the executive leadership team to strengthen and improve the management of day-to-day operations and the delivery of programs and services to TCH residents. The time necessary to complete the review and report to the Board will depend on the breadth of the review and the extent to which external resources are required and available.

3. Next Steps

To ensure that the best interests of residents continue to be protected, City staff will work with TCH to further explore and define additional supports that are necessary and can be provided during the period of transition until a new permanent President and CEO is appointed.

The City Manager will monitor progress in the next three months and will report back to Council, through the Executive Committee meeting on August 21, 2014, with an update on staff support provided and other longer term Shareholder issues.

CONTACT

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SIGNATURE

Joseph P. Pennachetti
City Manager

ATTACHMENT

Attachment 1 – April 25, 2014 Letter from the TCH Board Chair to the City Manager

Toronto Community
Housing Corporation
931 Yonge Street
Toronto, ON
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**Toronto
Community
Housing**

May 2, 2014

Joseph P. Pennachetti
City Manager
City of Toronto
City Hall, 11th Floor
100 Queen Street West
Toronto, ON M5H 2N2

Dear Mr. Pennachetti:

On April 25, 2014, the Board of Directors of Toronto Community Housing passed the following motion:

“The Board requests that Toronto City Council, in recognition of its interests as Service Manager and Shareholder of Toronto Community Housing, authorize the City Manager to provide the Board with assistance during this period of transition including, without limitation, in developing best practices in Toronto Community Housing’s human resources policies and procedures.”

I look forward to working with the City of Toronto during this period of transition and thank you for your support for Toronto Community Housing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bud Purves', written in a cursive style.

Norman W. (Bud) Purves
Chair, Board of Directors