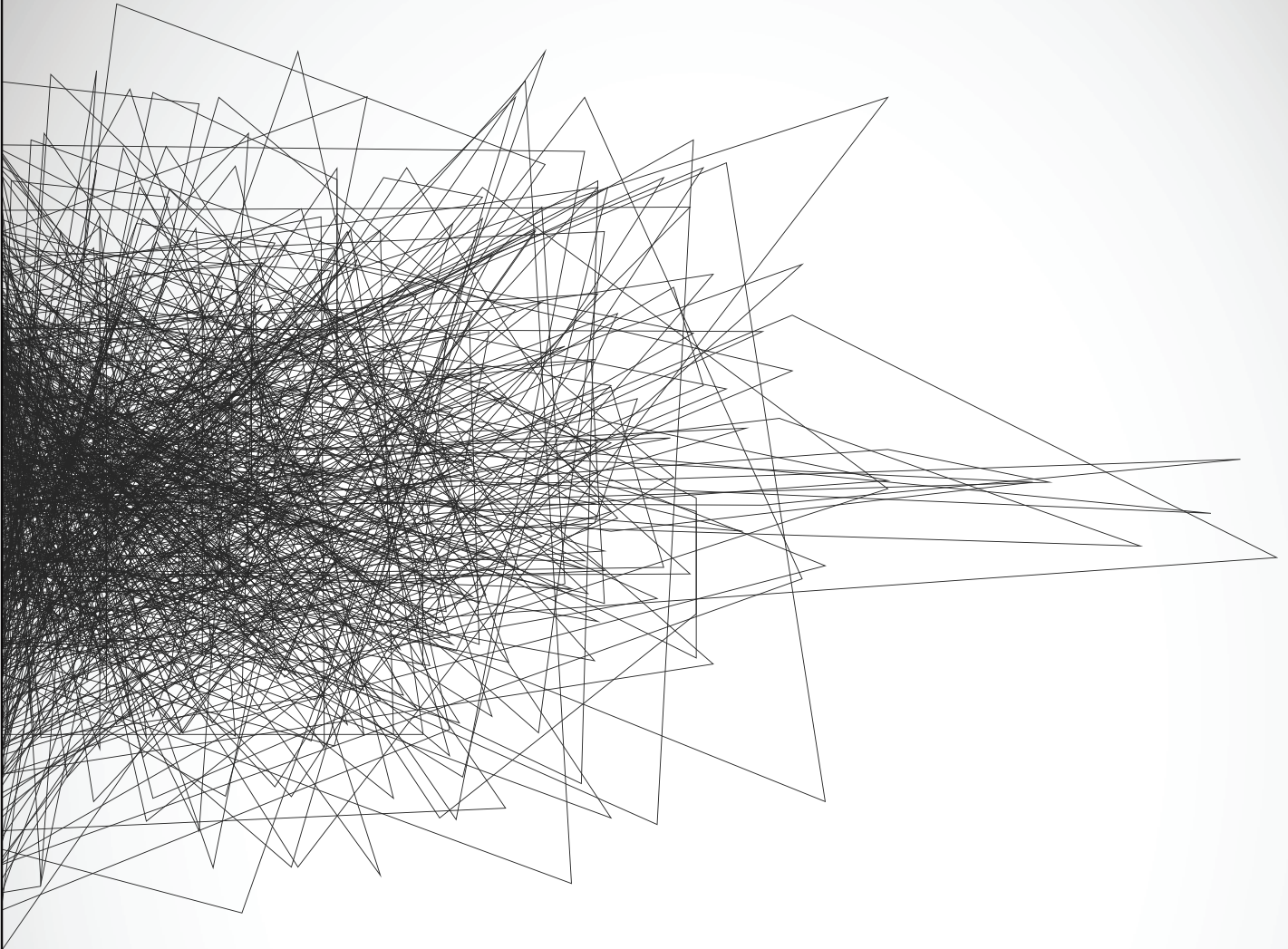


APPENDIX 3
CUPE Local 79's response to
Transformative Change for Toronto Community Housing



CUPE Local 79's response to Transformative Change for
Toronto Community Housing

Friday, June 3rd 2016





CUPE Local 79 represents approximately 20,000 Toronto public service workers at the City of Toronto, Toronto Community Housing, and Bridgepoint Hospital. Local 79 members deliver a wide range of services, including: public health, planning, City Hall operations, social services, cleaning, court services, ambulance dispatch, child care, 311, recreation programming, supportive housing, shelters, water & food inspection, and long-term care.

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EXECUTIVE SUMMARY

Toronto Community Housing is the largest social housing provider in Canada and the second-largest in the world. The challenges it faces are well known. Indeed, there is nearly unanimous agreement about the nature and extent of problems plaguing TCHC. There are, however, major disagreements about how these problems can best be addressed. CUPE Local 79 is proud to be part of that conversation, both as the representative of hundreds of front-line workers at TCHC and as part of a community of tenants, allies and anti-poverty activists.

Local 79 is committed to fighting Toronto's growing poverty and income-inequality crises. Access to safe, affordable housing is fundamental to reducing poverty, as are access to good jobs and quality public services.

Our response to the Final Report of the Mayor's Task Force on Toronto Community Housing is as follows:

1. Although major reforms are needed at TCHC, these can be addressed without transferring its housing stock en masse to a new entity or other housing provider.
2. Transferring TCHC's housing stock to another entity or other providers at this time may further exacerbate the funding crisis facing social housing and further destabilize the system.
3. Should any such transfer take place, Local 79 will fight to ensure our members continue to benefit from union representation and maintain the workplace pro-

tections and benefits gained through the Local 79 Collective Agreement.

There are a number of problems that can and should be addressed immediately:

- TCHC needs sustainable operational funding to provide a foundation on which to restore Toronto's social housing and implement needed reforms.
- TCHC needs accountable governance, more transparency and decentralized day-to-day operations to provide service that is more responsive to tenants.
- TCHC's relationship to the City needs clarification. Most stakeholders and observers agree the current relationship is too convoluted: the City Manager, City Council and sometimes individual Councillors all direct TCHC operations and do so without coordination.

Local 79's analysis of the Mayor's Task Force Final Report focuses on four key themes: funding, stability, accountability, and responsiveness.

- **Funding.** TCHC has suffered from a significant decline in per household funding. Higher subsidies from the City and the Province would help offset this decline, as would a 70% rent-geared-to-income tenancy, which must be achieved carefully to ensure RGI units do not decline and tenants are not displaced from their home communities. Maintaining TCHC as a City-owned corporation is preferable for financing new construction as it ensures better borrowing rates. Finally, there are potentially workable strategies such as greater integra-

tion of services with City Divisions that could reduce cost without introducing unnecessary risk and instability.

- **Stability.** TCHC has undergone a decade's worth of destabilizing changes. Lack of stability creates unnecessary stress on workers and drains resources that could otherwise be put toward improving conditions for tenants. While the non-profit housing sector has had success, there have also been significant problems. Transforming TCHC into a non-profit, or transferring its housing stock to the non-profit sector, would be massively destabilizing. Moreover, it is unnecessary because the major reforms needed at TCHC can be accomplished by a City-owned corporation.
- **Accountability.** Transferring TCHC to non-profit providers would jeopardize existing, extensive accountability mechanisms (City Council approval of financial documents, oversight by the City's Ombudsman and Auditor) and create a patchwork accountability framework. The Report's recommendations to eliminate oversight roles for City Councillors and tenants on the TCHC Board would further threaten accountability.
- **Responsiveness.** Local 79's workers are committed to their work and consider themselves to be 'more than a landlord'. TCHC could be more responsive to its tenant communities if there were proper funding, a reduction to overly burdensome administrative reporting and adoption of best practices to decentralize operations from other jurisdictions like the New York City Housing Authority.

Local 79 is eager for a robust and evidence-based discussion about resolving budgetary, organizational, and corporate-cultural

problems at TCHC. The Final Report of the Mayor's Task Force is a key part of that discussion. Nonetheless, in many areas, the Report's Recommendations would move TCHC in the wrong direction and are based on unsubstantiated assertions.

RECOMMENDATIONS

CUPE Local 79 Recommendations:

1. Improve TCHC's access to low-interest financing by lifting the City's self-imposed 15% debt-to-value cap to allow for TCHC to borrow at a level more in line with industry standards.
2. Ensure that any review of service delivery include a detailed analysis of how service changes and integrations will be funded and the impact on tenants and staff, recognizing that service delivery partnerships and integration often need additional coordination resources to be effective.
3. The City and TCHC should reform TCHC first (one option recommended in the Task Force's Final Report) before any further consideration of transforming TCHC into a non-profit. Transferring TCHC stock en masse to a non-profit provider will further destabilize the system.
4. Any consideration of transforming TCHC into a non-profit or transferring parts to other providers must be evidence-based and include the development of appropriate assessment criteria in consultation with stakeholders, including Local 79.
5. Continue to have Council and tenant representatives on the Board of Directors of TCHC.
6. Improve communication and understanding about policies and practices that impact tenants throughout TCHC's whole corporate structure, so that information provided to tenants from all sources is consistent and clear.
7. Provide tenants with up-to-date metrics and real time tracking of repair requests, as modeled by the New York City Housing Authority.
8. Review administrative processes to look for streamlining that can remove barriers for tenants and free up staff to provide local face-to-face front-line services.
9. Review New York's successful model for decentralized operations within a public housing entity, which includes 'bottom-up budgeting', flattening the management structure, greater local accountability and reporting, and more meaningful inclusion of tenants and their leaders in decision-making.
10. TCHC is currently reviewing its tenant participation model through a tenant-led process which should inform whatever direction the City takes in regards to advisory committees and other such bodies. Appropriate staff should be allocated for coordination and support of tenant participation in any model adopted.

FUNDING

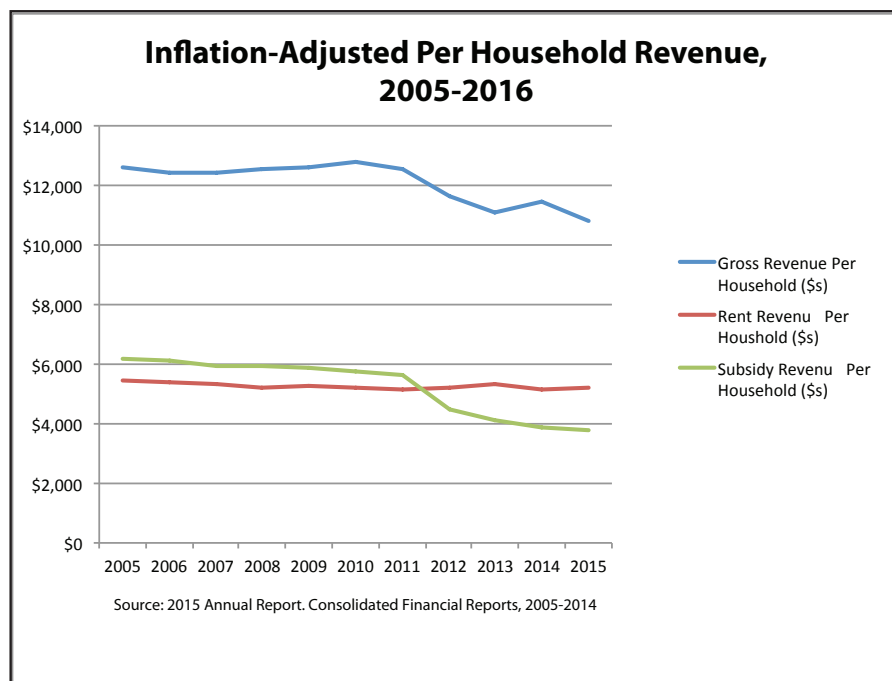
There is a broad consensus – among residents and their allies, TCHC employees and management, City Councillors and the Mayor’s Task Force – that chronic underfunding is the single-biggest obstacle to TCHC’s success and sustainability. Since 2003, there has been a per household decline in TCHC revenues, largely because of a relative decline in subsidies. Meanwhile, the complexity of clients’ needs, cost of materials, and costs incurred through lack of capital investment mean operating pressures have increased while revenues decreased.

Unfortunately, when it comes to questions of funding and finance, the Task Force’s final report is heavily weighted toward strategies that are either unworkable or bring unnecessary and damaging disruptions. There are better options.

HIGHER DEBT COSTS DON’T MAKE SENSE FOR CAPITAL INVESTMENT

The Report’s biggest misdirection comes from the faulty assumption that turning a City-owned corporation into a non-profit will put the new entity into a better position for financing capital investment. There is no doubt that capital investment is essential for reducing long-term operating costs. However, the obstacles the Report identifies can be overcome without the disruptions of

turning TCHC into a non-profit. Even more, it is likely that, with improved borrowing capacity, a City-owned corporation could borrow more cheaply than a non-profit.



It is worth noting, as the Report does, that TCHC’s 15% debt-to-value cap is self-imposed by the City. That leaves the City with two options, both of which are also acknowledged by the report. First, the City could simply choose to increase the debt-to-value cap. Second, the City could implement new, sustainable revenue tools that can provide the City with new overall room for TCHC financing and refinancing. What’s more, with the City as the owner and guarantor, TCHC has optimal access to borrowing at low interest rates. Sacrificing access to lower interest for the sake of maintaining a self-imposed 15% debt-to-value ratio with no exception for TCHC would be a mistake.

Recommendation 1: Improve TCHC’s access to low-interest financing by lifting the City’s self-imposed 15% debt-to-value cap to allow for TCHC to borrow at a level more in line with industry standards.

SOME RECOMMENDATIONS DON’T TELL THE WHOLE STORY

Recommendation 8 calls for the Province to change social assistance rent scales so TCHC can charge residents receiving social assistance the maximum shelter allowance. In addition, the Report assumes that transforming TCHC into a non-profit will enable the organization to access millions in additional provincial subsidies.

Given TCHC’s chronic underfunding, additional rental revenue from social assistance recipients and additional provincial subsidies would, of course, be more than welcome. However, it is unlikely that the Provincial government will simply accede to attempts to put them on the hook for potentially tens of millions in new subsidies. Local 79 supports Recommendation 8, but given the destabilizing potential that transferring TCHC stock to a new non-profit with the unsubstantiated hope of accessing new subsidies – which could be directly negotiated with the Province without changing organizational structure – does not justify the risk.

Similarly, Recommendation 7, which calls for changes to Provincial legislation to enable energy efficiency programs is worth pursuing, but only with awareness that energy efficiencies won’t close the gap between TCHC’s revenues and its expenses. In addition, incentives to encourage residents to consume less energy in response to ris-

ing utility costs should be structured to provide rewards for reductions rather than punishing those who are unable to meet reduction targets.

WORKABLE STRATEGIES

There are a number of strategies related to funding and finance that Local 79 can support, provided they are implemented after detailed discussions with TCHC residents and staff.

We support reducing the proportion of renters who are RGI from the current 90% to 70% (see recommendation 6), provided it is done incrementally to ensure:

- existing tenants don’t lose access to a home in the community they reside;
- RGI units do not decline;
- redevelopments of housing stock do not cause increases to waiting lists; and,
- resources and strategies are developed to build community relationship among RGI and market renters.

Local 79 also supports integrating specific functions with City operations where that makes sense. Administration of RGI through existing social assistance programs is likely such a case. However, it is worth keeping in mind that staff in Toronto Employment and Social Services are already overburdened due to problems with the Province’s Social Assistance Management System (SAMS). Inter-agency and inter-division integration must be done with appropriate consideration and possible transfer of staff and resources.

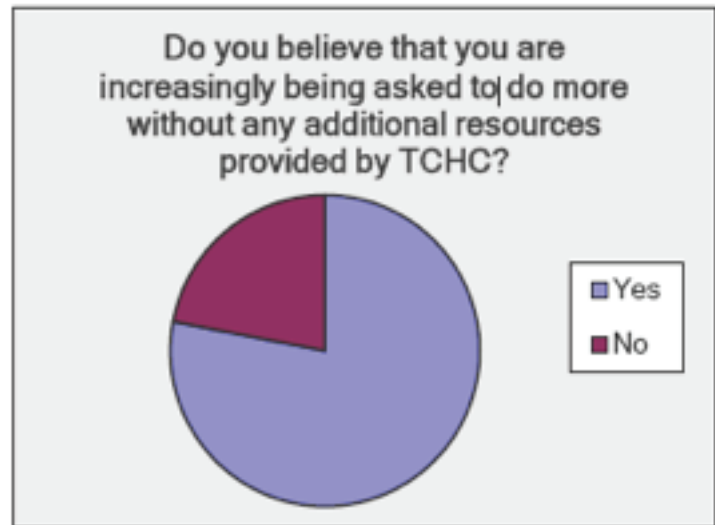
Similarly, Recommendation 9 suggests a full review of services in TCHC to rational-

ize delivery between City, TCHC, LIHNS, TPS and external agencies. Local 79 already has experience delivering services in mixed-model systems from homeless services to childcare and recognizes the benefit of a balance between public and private delivery. However, simply asking service agencies to take on more work will not produce net savings. While having outside agencies perform this work may reduce TCHC's spending, those savings will be offset through increased funding to those agencies. Further, to ensure residents receive seamless, comprehensive coverage, TCHC will still have to incur significant costs related to needs identification, partnership coordination and referral processes.

Recommendation 2: Ensure that any review of service delivery include a detailed analysis of how service changes and integrations will be funded and the impact on tenants and staff, recognizing that service delivery partnerships and integration often need additional coordination resources to be effective.

STABILITY

Local 79 represents front-line workers at TCHC. These workers know all too well the problems created by a decade's worth of destabilizing change. Last year, Local 79 surveyed its members in TCHC to find out their priorities and concerns. Given a decade's worth of organizational changes, re-organizations and re-re-organizations, it is not surprising that 62% of members said they were either entirely or somewhat unclear about how their job fits into the larger picture. This increases tremendously to 80% when asked how their role fits into the TCHC as a whole.



Source: Local 79 survey of members working at TCHC, 2015

It is nearly impossible to provide excellent service to residents in this context. Staff and residents alike find the constant changes – compounded by lack of funding – to be deeply frustrating. In our survey of members last year, a clear majority indicated that they were being asked to do more with fewer resources. There is widespread concern, then, that expending resources to move TCHC units into a new non-profit corporation and/or splitting them up among other smaller non-profits, as suggested in the report, will create more instability without actually providing additional supports to workers and tenants.

Recommendation 3: The City and TCHC should reform TCHC first (one option recommended in the Task Force's Final Report) before any further consideration of transforming TCHC into a non-profit. Transferring TCHC stock en masse to a non-profit provider will further destabilize the system.

Recommendation 4: Any consideration of transforming TCHC into a non-profit or transferring parts to other providers must be evidence-based and include the development of appropriate assessment criteria in consultation with stakeholders, including Local 79.

The non-profit sector certainly has an excellent record in a number of areas. Members of Local 79 at TCHC and the City enjoy productive relationships with non-profits in housing, child care, employment and other sectors.

However, the non-profit social housing sector can also face governance, accountability and funding challenges. The report trumpets the successes of transferring housing to the non-profit sector in Vancouver. However, in 2010, Vancouver's Downtown Eastside Residents Association (DERA) was forced to put three buildings into court-

appointed receivership after concerns about mishandling of public money. Also in Vancouver, a February 2014 audit of the Portland Hotel Society (PHS) found poor purchasing controls resulting in inappropriate expenses (limousines, luxury hotels, staff parties, etc.). It also found poor financial management, risk of insolvency, and failure to demonstrate that PHS had met contractual obligations (in terms of service provision, caps on administrative costs, and criminal record checks). As a result, the leadership team and board of directors resigned and BC Housing was forced to step in to manage PHS' properties on a temporary basis.¹

Co-ops in Guelph (Paisley Place), Sault Ste-Marie (Crystal Heights Co-operative), Essex (Bridlewood Co-op) have also been subjected to court-appointed receivership following allegations of mismanagement, mortgage failures, and allegations that members of co-op leadership were manipulating the market for their own gain.²

Ultimately, a non-profit structure cannot, in and of itself, guarantee better accountability to the public and tenants. Transforming TCHC into a non-profit does nothing to address major problems that couldn't be achieved as a City-owned corporation. All such a transformation would do is introduce new instabilities into a system that has already been hindered by countless re-organizing initiatives.

ACCOUNTABILITY

TCHC has a fairly high level of public accountability as a publicly-owned and operated entity. Elected representatives are involved with governance, monitoring, and public scrutiny. Budgets, plans and policies are publicly accessible and the City's ombudsman and auditor provide critical oversight to uncover issues. CUPE Local 79 is very concerned that the recommendations of the Task Force will reduce public accountability and transparency in Toronto's social housing system.

- Elected representatives who are directly accountable to the public and tenants will no longer sit on the Board of Directors. The Report recommends reducing the 13 member TCHC board to a size of 7-9, removing all Councillors and with no allocation of seats for tenants.
- Currently, the City's Ombudsman and the Auditor have authority to address complaints and concerns regarding TCHC. If TCHC properties are switched to other social housing providers, the Ombudsman and Auditor will no longer have jurisdiction.
- The Task Force's suggestion to transfer housing stock to other social housing providers has a danger of leading to more inconsistent accountability across the housing system. Toronto's Auditor³ warned in 2014 that the City is falling behind in monitoring the 240 social housing providers it currently oversees as service manager, with a quarter missing critical operational reviews that help identify and prevent governance, fund-

ing, and repair challenges that can lead to poor and unstable conditions for tenants. New processes to improve oversight of housing providers and ensure they are delivering good quality stable housing are still under development and remain untested. This isn't the time to add additional providers and sites for the City to monitor.

Recommendation 5: Continue to have Council and tenant representatives on the Board of Directors of TCHC.

Front-line staff represented by Local 79 have reported that the organization's accountability to tenants has declined, but they also report that this is an issue that can be easily solved with better communication and consistent policies, and the proper resources to respond to tenants' needs.

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As tenant and community service coordinators, Local 79 members in TCHC are often the first place tenants go for information. With so many changes in the organization over the last five years, these staff are increasingly being called on to communicate new policies to tenants. "We are taking on every department's communications job now," one long-time worker commented at a recent member consultation Local 79 held

to review the Task Force report. Some staff say they require more training in communications, especially with distressed individuals, while others feel they have the skill-set but face organizational challenges. Many report that the organization does not consistently follow its own policies (such as response-times to rent appeals) or changes policies so frequently that frontline staff often can't provide tenants with reliable information. These workers report feeling caught between the tenants who are looking for answers and the organization which isn't been clear, consistent or disciplined about providing those answers.

Recommendation 6: Improve communication and understanding about policies and practices that impact tenants throughout TCHC's whole corporate structure, so that information provided to tenants from all sources is consistent and clear.

Accountability to tenants is inextricably linked to the state of disrepair in many of the buildings and units. As discussed above, funding is a root cause of most of the challenges facing TCHC. However, the organization can provide greater clarity and accountability to tenants as to the state of repairs. The New York City Housing Authority recently implemented a number of useful policies and programs that should be reviewed to assess their applicability in Toronto. To promote transparency, NYCHA publishes details of contractors hired to perform capital work.⁴ Metrics on how many days it takes to address minor repairs is publicly available and updated monthly.⁵ Tenants can also create and track work requests from mobile devices.⁷

"The trust is broken", one worker commented, reflecting on how these communication challenges have impacted her relationship with tenants. "We can rebuild that trust with consistent messaging about policies and rules throughout the whole organization," another replied. (Local 79 member consultation on TCHC Transformation)

Recommendation 7: Provide tenants with up-to-date metrics and real time tracking of repair requests, as modeled by the New York City Housing Authority.

RESPONSIVENESS

Tenants deserve responsive and respectful relationships with their housing providers and TCHC is no different. The Task Force report suggests that non-profit housing providers are somehow better equipped to respond to tenants' needs. Local 79's members, who provide many of the services and supports tenants depend on, believe that if properly resourced, TCHC may be better equipped in many instances than non-profits to contend with the variety and complexity of issues that many tenants experience. "We are more than a landlord," one worker stated, highlighting that TCHC has built a robust set of programs, supports and partnerships over the years in response to tenants who face a multitude of challenges and barriers.

Front-line workers who've been with the organization for decades report that the organization and its predecessors were more responsive in the past, and can be again. Accountability is a foundational aspect of responsiveness. In addition to the issues raised above, there are a number of barriers front-line workers face that limit responsiveness in the organization as a whole.

Local 79 members report having much less authority to make decisions or take action to respond to the local needs of tenants than they did six years ago, before the most recent period of upheaval in the organization. They also report that their time is increasingly taken up with overly burdensome administrative reporting to a larger set of departments. In addition, new staff aren't always being trained appropriately.

Recommendation 8: Review administrative processes to look for streamlining that can remove barriers for tenants and free up staff to provide local face-to-face front-line services.

The Task Force recommends that whether the City chooses to remain with TCHC as its housing provider or transfer this role to NewHome or other non-profits, operations should be decentralized, with more localized decision-making by front-line workers. CUPE Local 79 contends that TCHC is perfectly positioned to design and implement a decentralized structure that is more responsive at a local level.

Over a decade ago, TCHC decentralized many of its operations through twenty-six Community Housing Units (CHUs) that left much of the day-to-day decision-making to local staff who were advised by committees of elected tenant representatives. The CHU structure led to significant inconsistencies in service levels and so was replaced by thirteen Operating Units with less local decision-making, which has now led to too much central control. A review of both models can provide TCHC with the critical analysis it needs to create a structure that effectively decentralizes authority to make the organization more locally responsive without losing the advantages offered by some centralized processes (such as bulk purchases) or undermining TCHC's responsibility to provide quality housing throughout all communities.

As part of its NextGeneration plan, the New York City Housing Authority developed a

new decentralized operations model that flattens the reporting structure between local managers and central office and allows for more bottom-up budgeting with regards to what staff and resource levels are needed in light of the specific characteristics of local buildings and communities. Managers are also given tools to track and report service levels, providing greater accountability to tenants and nurturing increased dialogue with tenant leaders to inform the bottom-up budgeting approach. The new model was successfully piloted in 18 communities in 2015 and is now being fine-tuned and implemented across the entire system.⁹ New York's model should be reviewed help to inform a new decentralization plan for TCHC.

Recommendation 9: Review New York's successful model for decentralized operations within a public housing entity, which includes 'bottom-up budgeting', flattening the management structure, greater local accountability and reporting, and more meaningful inclusion of tenants and their leaders in decision-making.

The report recommends setting up tenant advisory committees to align with decentralization, partly to mitigate its recommendation that there be no tenant representation on the Board of Directors and partly to bolster local accountability and responsiveness. While these committees are useful spaces for tenants to have their issues addressed, they should not replace elected tenant representation on the Board, and will only be effective if the organization has the resources to address the repair and service issues that will likely dominate the discussion at the committees. Once again, the central challenge facing the organization is funding.

TCHC is undertaking a tenant-led review of their tenant participation process. There has been feedback both from staff and tenants that the current tenant participation model (which involves locally elected tenant representatives who take part in local Councils and of which a subset is then elected to the Board of Directors) needs more staff support and coordination to be successful. Properly resourced staff could help animate tenant participation to invigorate the tenant representative election process and provide continuity that supports engagement between representatives and their communities.

Recommendation 10: TCHC is currently reviewing its tenant participation model through a tenant-led process which should inform whatever direction the City takes in regards to advisory committees and other such bodies. Appropriate staff should be allocated for coordination and support of tenant participation in any model adopted.

NOTES

¹ <http://citycaucus.com/2010/03/dera-housing-society-accused-of-corruption/>

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² [http://www.guelphmercury.com/news-story/2757889-non-profit-housing-unit-faces-possible-sale-bankruptcy/-](http://www.guelphmercury.com/news-story/2757889-non-profit-housing-unit-faces-possible-sale-bankruptcy/)

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³ <http://www.toronto.ca/legdocs/mmis/2014/au/bgrd/backgroundfile-70649.pdf>

⁴ <http://www1.nyc.gov/site/nycha/about/reports.page>

⁵ <https://eapps.nycha.info/NychaMetrics/>

⁶ <http://www1.nyc.gov/assets/nycha/downloads/pdf/NYCHA-2016-2020-Operating-Plan-Narrative.pdf>

⁷ <http://www1.nyc.gov/assets/nycha/downloads/pdf/nextgen-nycha-web.pdf> . Pg 67.