

Attachment 4: Legal Structures Options for Toronto Community Housing Corporation and a Seniors Housing Entity

Background

In 2017, City Council directed staff in consultation with Toronto Community Housing Corporation (TCHC) to review the governance structure of TCHC and prepare an amended Shareholder Direction and other program and accountability instruments as required to include a tenant-focused service delivery model, improved integration and accountability with the City and a strengthened system of tenant engagement. Council also approved the strategic integration of City programs and services for seniors and responsibility for management of TCHC seniors-designated buildings under a new seniors housing and services entity separate from TCHC and directly accountable to City Council (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.2>).

In 2019, Council directed staff to include in the governance review an assessment of structure options to improve services for tenants, a jurisdictional scan of options used in comparable municipalities, and to identify implications of each option. (<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM5.14>).

This attachment contains the results of two staff reviews regarding the legal structure options for two parts of the current Toronto Community Housing portfolio:

- **Part 1:** Mixed and family portfolio, currently operated by Toronto Community Housing Corporation
- **Part 2:** Seniors-designated portfolio, to be operated by a seniors housing entity

The reviews in this attachment are focussed on the legal structure for governing the housing portfolio currently operated by TCHC, which is currently a City Corporation, and the seniors housing entity, which is currently an Operating Unit within TCHC. As noted in the body of this report, staff are also in the process of reviewing or developing other components of the governance structure for both entities, including the mandate, accountability framework, funding formula and board composition and appointments process.

These reviews were conducted by City staff in Strategic and Corporate Policy, Legal Services, Social Development, Finance and Administration (including the Tenants First Project Management Office), Shelter, Support and Housing Administration, and People, Equity and Human Rights. It was informed by a review of the *Housing Services Act*, Ontario *Business Corporations Act*, and the *City of Toronto Act*. In addition, consideration was given to the existing TCHC shareholder direction, operating

agreement, and service manager assessment (2016), Tenants First staff reports (2016-2019), the Mayor's Taskforce Interim and Final Report (2015-2016), and Tenants First initiatives underway.

Part 1: Review of Toronto Community Housing Corporation

Objectives for the Review

In 2017, City Council approved the following objectives for a review of TCHC's governance structure, including a review of the legal structure to govern the portfolio currently operated by TCHC:

- a) A revised tenant-focused service delivery model providing housing to families, individuals, youth and vulnerable tenants including seniors;
- b) Improved integration and accountability with the City of Toronto as Service Manager and Shareholder; and
- c) A strengthened system of tenant engagement, including tenant representation on the Board of Directors of Toronto Community Housing Corporation.

In addition, a number of other relevant objectives for this review include:

- d) Enabling a cost-effective business model. The legal structure should complement the organization's business model by giving it tools to operate efficiently and effectively.
- e) Mitigating risk to the City. Where possible, the legal structure should protect the City from liabilities, and minimize the risks of lost opportunities.
- f) Minimizing impacts of change. Change to the current legal structure could entail dissolving the current corporation, and creating a new entity or modifying an existing one to govern the portfolio currently operated by TCHC. The potential benefits of a different legal structure should not outweigh the costs of transitioning to that structure.

Legal Structure Options

Council has directed staff to examine a range of potential legal structures for the portfolio currently operated by Toronto Community Housing Corporation. For the purposes of this exercise, options are described below. However, the roles and responsibilities described for each option may be modified based on the outcomes of other parts of the governance structure review (e.g. review of the mandate).

- 1) City Division: A City division would be created or modified under the *City of Toronto Act* to assume social housing responsibilities for existing TCHC tenants and buildings subject to *Housing Services Act*. The division would likely be managed by a General Manager/Executive Director accountable to a Deputy City Manager, the City Manager and ultimately Council. There would be no board of directors, and tenant engagement would be undertaken to advise City staff and/or Council. Services to tenants would be provided by City staff, through third party agreements/partnerships, or a combination of both. The division's operating and capital budget would be part of the City's budget and included in the budget process. Title to existing TCHC assets could be transferred to the City, or could remain with TCHC. Under the *City of Toronto Act*, the City can borrow funds for capital costs, but cannot mortgage assets. City staff would be responsible for the day-to-day operations.
- 2) City Local Housing Corporation: This form is the existing legal structure of TCHC. The corporation was created under the Ontario *Business Corporations Act*, and is subject to the *Housing Services Act* as a local housing corporation. The City represented by Council is the sole shareholder, and defines its mandate and authorities, establishes the composition of its board of directors, appoints board directors and the Chair, gives it direction, sets reporting and other requirements, grants it specific business approvals, and approves its operating and capital subsidies.

The board of directors provide strategic management of TCHC, and TCHC staff are responsible for day-to-day operations. Tenant engagement is structured to inform decision making, including having designated tenant representatives on the board. Services to tenants are provided by TCHC staff, by City staff and/or through a third party agreements/partnerships. Due to its legal status, the corporation is able to issue debt and mortgage assets, and can create and dissolve subsidiaries to facilitate the running of the corporation. It also holds title to almost all the assets it manages (some titles are held by and leased from the City). Under the Ontario *Business Corporations Act*, the shareholder is not held legally responsible for the corporation's actions, except where the shareholder makes decisions on behalf of the board on matters that are within the board's authority

- 3) City Agency: A City agency could be created under the *City of Toronto Act* to assume social housing responsibilities for existing TCHC tenants and buildings subject to *Housing Services Act*. Council would define the agency's mandate and authorities, establish the composition of its board of directors, appoint directors and Chair of the board, give it direction, set reporting and other requirements, grant its specific business approvals, and approve its full budget. The board of directors would provide strategic management of the agency, and agency staff would be responsible for day-to-day operations. Services to tenants would be provided by agency staff and/or through a third party. Under the *City of Toronto Act, 2006*, an agency cannot hold title to assets, borrow funds or mortgage assets, or create or hold subsidiaries. As an agent of the City, an agency provides little protection to the City against risks and liabilities.
- 4) Independent Non-profit Housing Corporation. Additional TCHC assets and functions could be transferred to non-profit housing providers in Toronto. Non-profit housing providers are created under the *Corporations Act*, and are subject to the

Housing Services Act. Non-profit housing providers have an independent board of directors, and the City does not appoint the board or have representation on the board.

As an independent non-profit housing corporation, they would receive an operating subsidy through the City as Service Manager for social housing in Toronto. The subsidy is approved by Council through its budget process. Non-profit housing providers' relationship with the City is largely governed by their operating agreement with the City as Service Manager, with authorities stipulated under the *Housing Services Act*. A non-profit housing provider can hold title to assets, borrow funds and mortgage assets, and create and hold subsidiaries. As they are independent entities, they provide protection for the City against risk and liabilities.

- 5) For-profit Corporation: For-profit corporations are created under the Ontario *Business Corporations Act*, or the Canada *Business Corporations Act*, and if incorporated in another province or foreign jurisdiction must be registered to do business in Ontario. This option was not further reviewed because under either the *Housing Services Act* or the *National Housing Act*, social housing providers must be non-profit to receive an operating subsidy.

Jurisdictional Scan

To inform this assessment, staff conducted a scan of the legal structure and board composition of housing providers in Ontario municipalities. Housing providers with the nine largest housing portfolios were compared with Toronto's approach.

A corporation is defined as an arms-length entity with the municipality as shareholder and service manager. A local housing corporation is the most common legal structure used by other large Ontario municipalities to deliver social housing. Of the ten municipalities examined (including Toronto), eight use corporations to carry out their social housing functions. One municipality acts as its own housing provider (owns housing and delivers service), and one is proposing to use a corporation to hold title to the housing but delivers the service directly through the municipality.

Regarding board composition of the corporations, board sizes range from 6 directors to 13 directors. For all boards, the composition includes elected officials (Mayors, Chairs, City Councillors, Regional Councillors). Half the boards have elected officials as the majority of the board, and half have citizen members as the majority. Two of the eight boards have directors serving as tenant representatives. See Appendix A of this attachment for further detail.

Key Considerations

A number of considerations are key to identifying the most favourable legal structure for the portfolio currently operated by Toronto Community Housing. These include:

- The impacts of asset title transfers;
- The impacts of the transfer of current TCHC functions;
- Existing oversight authorities for the City as social housing Service Manager;
- The potential for a coordinated approach by multiple entities to provide quality service; and
- The limited impact that the legal structure of the entity providing social housing has on some City objectives.

Impact of Asset Title Transfer

The transfer of property title from TCHC would trigger significant costs to the City and/or the entity that assumes title. This includes costs for debt restructuring, land transfer tax (unless an exemption were granted by the Minister of Municipal Affairs and Housing under the *Housing Services Act*), property tax obligations, and amendments to existing agreements. A transfer of any property that is currently under a redevelopment agreement may risk the redevelopment project. In April 2019, the Government of Canada announced \$810 million in loans and \$530 million in contributions over a 10-year period under the National Housing Strategy to TCHC or the City. TCHC title changes may have an impact on the federal commitment for this funding, as TCHC is named as delivering on capital improvements to their assets under the contribution agreement.

The Impacts of the Transfer of Current TCHC Functions

The full transfer of responsibility for services currently provided by TCHC would result in significant disruption to tenant services and trigger substantial costs to the City and/or TCHC. While tenants may continue to occupy their units through a transition, new service providers would be required to develop relationships with tenants, understanding of capital needs, and new business processes. This change may result in significant service disruption for tenants and create instability. There would be implications and obligations to labour partners currently under collective agreement with TCHC, and obligations to all TCHC employees under the *Employment Standards Act*. Further, a change in service provider may trigger debt restructuring due to restrictions on asset dispositions under the current master covenant agreement with unsecured lenders.

Existing Oversight Authorities for the City as Service Manager

As the designated Service Manager for social housing in Toronto under the *Housing Services Act*, the City already has significant oversight over the provision of the entire social housing system in Toronto, including for TCHC. Under the *Act*, the City

is obligated to subsidize the delivery of social housing, is required to report to the Province on key indicators, and has the authority to prescribe, set requirements and direct social housing providers in some areas such as mandatory use of the City's centralized wait list as well as invoke remedies under the *Housing Services Act* including appointing a receiver. This role exists irrespective of the legal structure of the entity providing social housing.

The Potential for a Coordinated Approach by Multiple Entities

There is no provision that requires a single entity to provide all services to current TCHC tenants, and fulfill all responsibilities related to current TCHC assets. These functions could be approached in a variety of ways by multiple entities. For example, one entity could hold title for a building, but the building could be leased to another entity providing landlord services and/or maintenance and repair. One entity could provide support services to tenants under contract or in partnership with the unit title holder. The types of support services could differ across a housing portfolio, depending on the needs of the tenants in a building and the capacity of the service provider. The proposed integrated service model for tenants in senior-designated buildings is an example of this type of arrangement.

























The Limited Impact that the Legal Structure has on Some City Objectives

The legal structure of the entity is one component of the governance structure of Toronto Community Housing. As discussed above, a number of approaches could be utilized to deliver current TCHC functions. As such, meeting some of the City's objectives are not contingent on the entity's legal structure. For example, with the sufficient resources and the appropriate service model, tenant-focussed service delivery could be potentially achieved by a City division, City corporation, City agency, or non-profit housing provider.

Assessment

Each potential legal structure option was assessed against each City objective established for this review. The assessment was to determine whether the legal structure could support, partially support, or would not support meeting the City's objective. It should be noted that the ratings represent what is possible under each legal structure option, not the current state. As noted, other potential changes to the governance structure are being considered that would build on the legal structure to further support City objectives.

Table 1: Ability of Legal Structure for Toronto Community Housing to Support City Objectives

Objectives	City Division	Local Housing Corporation (current)	City Agency	Independent Non-profit Corporation	Notes
a) Tenant-focused service delivery					Tenant-focused services could be delivered in a variety of ways, and are achievable under all legal structure options, with the appropriate resources and service model.
b) Integrated and accountable to the City					The City as Service Manager has the prescribed authority to set requirements and direct all social housing providers in Toronto in some areas, regardless of their legal structure. City divisions are directly accountable to Council for all things, but City corporations and agencies are subject to Council direction in most areas, set requirements and certain approvals. Independent non-profits have boards independent from Council. If property title is transferred to a non-City entity, the City will lose its ownership rights and compromise its ability to direct the use of that property.
c) Strong tenant engagement system					City corporations and agencies can have tenant representation on boards of directors, and robust tenant engagement system. City divisions do not have boards, but can have an advisory committee. There is no requirement for non-profit corporations to have tenant directors, but they can still have robust tenant engagement systems.
d) Enables cost-effective business					Corporations are able to hold title to property, borrow funds, mortgage assets, and create subsidies, which are all important abilities to fund housing capital costs. City agencies cannot hold title, borrow funds or mortgage assets. City divisions cannot mortgage assets. Further analysis is required to determine which legal structure would enable the most cost-effective operating model. However, the results would be contingent on a number of other factors including labour agreements, organizational capacity, corporate overhead, governance structures and administrative requirements.
e) Mitigates risk to the City					Under the OBCA, the shareholder of corporations has limited liability for the corporation's actions. As independent non-profit corporations have independent boards, the City is shielded from most of their liabilities. The City is fully liable for actions by City divisions and agencies. In addition, the City is responsible for appropriately subsidizing all social housing in Torontoregardless of the legal structure of the entity providing the housing.
f) Minimizes impact of change					The costs to transfer of current TCHC functions and assets to an alternative entity, and wind up the corporation, are substantial. A change would result in instability and disruption to tentant services, and create obligations to labour partners at TCHC. In addition, it may risk \$1.34 billion in federal funding commitments.

LEGEND



This assessment suggests that supporting City objectives of tenant-focused service delivery, and a strong tenant engagement system can be accomplished regardless of the legal structure of the social housing entity. It also suggests that a City division, corporation or agency would be the most integrated and accountable entity to Council. Further, all forms of corporation would have the tools to enable a cost effective business model and mitigate risk. However, there are substantial costs and risks associated with changing the legal structure for the entire portfolio currently operated by Toronto Community Housing. It is difficult to see how the benefits of change would be greater than the costs and risks associated with making the change. The assessment clearly indicates that a local housing corporation is the most favourable legal structure for the mixed and family housing portfolio to support the achievement of City objectives related to governance.

Use of a local housing corporation structure is consistent with practice in most other large Ontario municipalities with large social housing portfolios. Similar sized jurisdictions have conducted similar reviews of their own, and come to similar conclusions as this assessment.

By maintaining the legal structure of TCHC as a local housing corporation, Council has the ability to ensure the corporation is strongly accountable to it. Among other powers, Council can:

- Define the corporation's mandate and priorities
- Delegate its authorities
- Establish the composition of its board of directors
- Appoint its board directors and the Chair
- Approve its procedural and financial control by-laws
- Require it to comply with certain policies, or develop policies of their own
- Set reporting requirements
- Require it to have a strong tenant engagement system
- Require it to integrate its service delivery with the City and/or other partners
- Require it to participate in the City's budget process
- Approve its operating and capital subsidies
- Approve its revitalization projects and dissolution of its subsidiaries
- Approve the sale of its properties, and direct the sale price
- Receive its annual report, audited financial statement and strategic plan
- Give it other direction

Other elements of the governance structure review may further enhance accountability of TCHC to Council and tenants, and support other City objectives. These elements include the mandate review, new funding formula, new accountability framework, board composition and appointments review, and a renewed tenant engagement system.

Part 2: Review of Legal Structure Options for Seniors Housing Entity

Objectives for the Review

In 2017, Council directed staff to establish a seniors housing and services entity that is responsible for managing TCHC seniors-designated buildings, and is:

- a) Strategically integrated with City programs and services for seniors;
- b) Separate from TCHC; and
- c) Directly accountable to Council.

Similar to the review in Part 1 of this attachment, a number of other relevant objectives for this review include:

- d) Enabling a cost-effective business model. The legal structure should complement the entity's business model by giving it tools to operate efficiently and effectively.
- e) Mitigating risk to the City. Where possible, the legal structure should protect the City from liabilities, and minimize the risks of lost opportunities.
- f) Minimizing impacts of change. Change to the current legal structure could entail creating a new entity or modifying an existing one to carry on the delivery of social housing for tenants in these buildings. The potential benefits of a different legal structure should not outweigh the costs of transitioning to that structure.

Legal Structure Options

This review explores the potential legal structure for a new seniors housing entity. In all options outlined here, the entity would operate 83 TCHC senior-designated buildings. This responsibility includes operating the integrated service model for tenants as described in the body of this report, and carrying out landlord functions (e.g. rent collection, tenancy management, and basic

facility maintenance). The entity would be subject to requirements set out by the Shelter, Support and Housing Administration division as the City's delegated housing service manager under the *Housing Services Act*, and be required to coordinate its activities with the new Seniors Services and Long-Term Care division. The entity's roles and responsibilities are described for the purposes of this review, and may be modified at a later date based on further due diligence and development of the service and governance model.

- 1) An Operating Unit within TCHC: This is the current legal structure of the Interim Seniors Housing Unit within TCHC. As noted in Part 1 of this attachment, TCHC was created under the Ontario *Business Corporations Act*, and subject to the *Housing Services Act* as a local housing corporation. The City represented by Council is the sole shareholder, and defines its mandate and authorities, establishes the composition of its board of directors, appoints board directors and the Chair, gives it direction, sets reporting and other requirements, grants it specific business approvals, and approves its operating and capital subsidies.

The TCHC board of directors provides strategic management of the Interim Seniors Housing Unit. TCHC staff in the Interim Seniors Housing Unit are responsible for day-to-day operations, and report to management of the Interim Seniors Housing Unit, who report to TCHC's President and CEO. Tenant engagement is structured to inform decision making, including having designated tenant representatives on the board (although these tenant representatives do not specifically represent senior tenants). Services to tenants are provided by Interim D staff, and could be integrated with services supported by the new Seniors Services and Long-Term Care division through the implementation of the integrated service model. Under the Ontario *Business Corporations Act*, the shareholder is not held legally responsible for the corporation's actions, except where the shareholder makes decisions on behalf of the board on matters that are within the board's authority.

- 2) A Subsidiary of TCHC: In this option, TCHC would create a subsidiary corporation to operate its 83 seniors-designated buildings under the *City of Toronto Act* and the Ontario *Business Corporations Act*. TCHC would be the shareholder, and the subsidiary would have a separate board.

The subsidiary would have a similar relationship with TCHC as shareholder as TCHC has with the City as shareholder. Typically, the subsidiary's shareholder (TCHC) would define its mandate and authorities, establish the composition of its board of directors, appoint board directors and the Chair, give it direction, set reporting and other requirements, grant it specific business approvals, and approve its operating and capital subsidies. However, Council as shareholder of TCHC could direct the TCHC Board to take Council's direction on these matters. If Council exercised its authority regarding these matters, it would also assume any liability for these decisions. Similar to TCHC, tenant representatives could be appointed to the board.

The subsidiary board of directors would provide strategic management of the subsidiary. Senior management of the subsidiary would be responsible for day-to-day operations and report to the board, and staff of the subsidiary would support operations and report to management. Services provided could be integrated with services supported by the new Seniors Services and Long-Term Care division through the implementation and oversight of the integrated service model.

- 3) A Separate City Services Corporation: The City could create a new City services corporation under the *City of Toronto Act* and the Ontario *Business Corporations Act*. Similar to its relationship with TCHC, the City represented by Council would be the sole shareholder. Council could define the new corporation's mandate and authorities, establish the composition of its board of directors, appoint its board directors and Chair, give it direction, set reporting and other requirements, grant it specific business approvals, and approve its operating subsidies. If Council desires, it could require that there is tenant representation on the board, and that Council approve the full budget.

The new corporation's board of directors would provide strategic management of the corporation. Senior management of the corporation would be responsible for day-to-day operations and report to the board, and staff of the corporation would report to management. Services to tenants could be provided by corporation staff and/or through a third party agreements/partnerships. Services could be integrated with services supported by the new Seniors Services and Long-Term Care Division through the implementation and oversight of the integrated service model, as well as through mandate and accountability tools set out in a new Shareholder Direction specifically developed for the seniors housing corporation.

- 4) An Operating Unit within a City Division: Responsibility to operate the 83 seniors-designated buildings could be delegated to the new Seniors Services and Long-Term Care division. An operating unit would be created within the division to provide social housing in these buildings. It would be managed by the General Manager of Seniors Services and Long-Term Care, accountable to a Deputy City Manager, the City Manager and ultimately Council. There would be no board of directors, and tenant engagement could be undertaken to advise City staff and/or Council.

Services to tenants would be provided by City staff, through third party agreements/partnerships, or a combination of both. Services to tenants could be coordinated internally with other services for seniors supported by the Division. The unit's operating and capital budget would be part of the division's budget and included in the budget process, with Council granting final approvals.

Key Considerations

As discussed in Key Considerations in the Part 1 review, the transfer of property title from TCHC to another entity would trigger significant costs to the City and/or the entity that assumes title, in addition to the potential for debt restructuring and a re-examination of funding commitments from other orders of government. To avoid these costs and minimize risk, all legal structure

options outlined above assume that TCHC will continue to hold title of seniors-designated buildings, be responsible for debt related to these buildings, and be responsible for all capital work.









Other considerations outlined in Part 1 are relevant for the review in Part 2. These include:













- The impacts of the transfer of current TCHC functions for seniors-designated buildings;
- Existing oversight authorities for the City as social housing Service Manager;
- The potential for a coordinated approach by multiple entities to provide quality service; and
- The limited impact that the legal structure of the service provider has on some City objectives.

Assessment




Each potential legal structure option for a seniors housing entity was assessed against each City objective established for this review. The assessment was to determine whether the legal structure could support, partially support, or would not support meeting the City's objective. It should be noted that the ratings represent what is possible under each legal structure option, not the current state. As noted, further due diligence and governance and service model development will be guided by these City objectives.

Table 2: Ability of Legal Structure of City's Seniors Housing Entity to Support City Objectives

Objectives	City Division	Unit of TCHC (current)	Subsidiary of TCHC	City Services Corporation	Notes
a) Strategic integration of City programs and services for seniors					Integrated services for seniors could be delivered in a variety of ways, and are achievable to different extents under all legal structure options, with the appropriate resources and service model. A service agreement between the City and the entity (if external) could require coordination with the City in delivery of the integrated service model. Integration could also be required through the Shareholder Direction for a City services corporation.
b) Separate from TCHC					For all options, TCHC would retain title of the buildings and responsibilities for the capital program. As such, a subsidiary of TCHC, City services corporation or City division would continue to work with TCHC to ensure buildings are in good condition. For these legal structures, a leasehold agreement between the entity and TCHC could clearly articulate responsibilities of both parties.

Objectives	City Division	Unit of TCHC (current)	Subsidiary of TCHC	City Services Corporation	Notes
c) Directly accountable to the City					The City as Service Manager under the <i>HSA</i> has the prescribed authority to set requirements and direct all social housing providers in Toronto in some areas, regardless of their legal structure. City divisions are directly accountable to Council for all things, but City corporations and their subsidiaries are subject to Council direction in most areas (although this is less direct for a subsidiary of a City corporation). Further, Council can define the mandate and authorities of corporations and subsidiaries, establish board composition, appoint board directors and the Chair, set reporting and other requirements, grant specific business approvals, and approve operating subsidies or even the full budget.
d) Enables cost-effective business	TBD	TBD	TBD	TBD	Corporations can focus on service delivery, operate effectively in a market environment and be nimble decision-makers. However, further analysis specific to this context is required to determine which legal structure would enable the most cost-effective operating model. In addition, the results would be contingent on a number of other factors including labour agreements, organizational capacity, corporate overhead, governance structures and administrative requirements.
e) Mitigates risk to the City					<p>The City as Service Manager under the <i>HSA</i> is responsible for appropriately subsidizing all social housing providers in Toronto regardless of their legal structure.</p> <p>The City is fully liable for actions by City divisions. If a City division directly operated the seniors-designated housing, it would be subject to the <i>Residential Tenancies Act</i> and required to pursue the eviction of tenants at the Landlord Tenant Board where warranted.</p> <p>Under the <i>OBCA</i>, the shareholder of corporations (the City) has limited liability for the corporation's actions or the actions of their subsidiaries, unless the shareholder assumes responsibilities of the board.</p>
f) Minimizes impact of change					The costs to transfer of current TCHC assets to a different entity are substantial, may trigger debt restructuring and could risk funding commitments from other governments. As such, all options propose that TCHC retain ownership of the 83 seniors-designated buildings. Nonetheless, any change in structure could result in instability and disruption to tenant services, and may create obligations to labour partners at TCHC.

LEGEND

 Supports Objective
 Partially Supports Objective
 Would Not Support Objective

The assessment indicates that a new City services corporation to operate the 83 seniors-designated buildings is the most favourable legal structure to support the achievement of stated City objectives. Either a City corporation or a City division provide the most opportunity for effective strategic integration with City supported services for seniors. Separation from TCHC can be

partially accomplished through a City division or new City corporation, and direct accountability to Council can be accomplished through a City division or City corporation. Risk is most effectively mitigated through a City corporation. Tenants and TCHC labour partners will be impacted by any change in the legal structure. Further analysis is required to determine the extent to which each legal structure supports cost-effective business operations. A new City services corporation supports or partially supports all of the objectives identified for this exercise.

Conclusion

This attachment contains the results of two staff reviews regarding the legal structure options for the portfolio currently operated by TCHC, and for a seniors housing entity. The review in Part 1 examined the current and alternative legal structure options for the mixed and family portfolio, currently operated by Toronto Community Housing Corporation. The review in Part 2 examined potential legal structures for a new seniors housing entity.

The assessment contained in Part 1 of this attachment suggests that a local housing corporation (TCHC's current legal structure) is the most favourable legal structure for the mixed and family housing portfolio currently operated by TCHC. It can support the greatest number of City objectives including tenant-focused service delivery and minimizing the impact of change. A change to the legal structure would trigger significant service disruption to tenants and substantial costs and risks to the City and TCHC. Most other large Ontario municipalities also use a local housing corporation legal structure to deliver social housing. The current legal structure is recommended to be maintained, but with potential changes to the organization's mandate, accountability framework, funding model, and board composition and appointments process to further City objectives, depending on the outcomes of other actions under the Tenants First initiative.

The assessment contained in Part 2 of this attachment indicates that a new City services corporation to operate the 83 seniors-designated buildings is the most favourable legal structure to support the achievement of stated City objectives. It would be separate from TCHC and directly accountable to Council. Through a service agreement, and additional direction through the Shareholder Direction, it could be strategically integrated with City supported services for seniors. A City services corporation would limit liability to the City. The change to the current legal structure may enable a change in culture and be seen as positive by tenants and labour partners. As TCHC would retain title and capital work responsibilities, the costs and risks of transition would be mitigated.

Appendix A: Jurisdictional Review of Local Housing Providers (May 2019)

Service Manager Area and Name of Local Housing Provider	Number of Housing Units	Legal Structure ¹	Board of Directors Composition
1. Toronto – Toronto Community Housing Corporation	58,500	Corporation	12 Directors in total (3 City Councillors and 2 tenants)
2. Ottawa – Ottawa Community Housing	15,000	Corporation	13 Directors in total plus vacancies (5 City Councillors and 1 tenant)
3. Hamilton - CityHousing Hamilton Corporation	7,000	Corporation	9 Directors in total (5 City Councillors and 4 citizen members)
4. Region of Peel - Peel Living (Peel Housing Corporation)	7,000	Corporation	6 Directors in total (6 City Councillors)
5. Windsor - Windsor Essex Community Housing Corporation	4,700	Corporation	11 Directors in total (4 elected officials)
6. London - London & Middlesex Housing Corporation	3,280	Corporation	9 Directors in total (2 Councillors, 7 community members)
7. York Region – Housing York Inc.	2,600	Corporation	11 Directors in total (11 Mayors, Regional Chair and Regional Councillors)
8. Waterloo Region – Waterloo Region Housing	2,700	Division of Regional Municipality	N/A
9. Niagara Region – Niagara Regional Housing	2,660	Corporation	9 Directors (5 Regional Councillors, 4 community members)
10. Greater Sudbury Housing Corporation	1,848	Hybrid	N/A

¹ DEFINITIONS

Corporation: arms-length with municipality as shareholder and service manager

Division: direct ownership and operation

Hybrid: corporation owns housing, operation of housing by municipality