



## STAFF REPORT ACTION REQUIRED

### Tenants First: A Way Forward for Toronto Community Housing and Social Housing in Toronto

<b>Date:</b>	June 14, 2016
<b>To:</b>	Executive Committee
<b>From:</b>	Deputy City Manager, Cluster A
<b>Wards:</b>	All
<b>Reference Number:</b>	AFS# 22336

#### SUMMARY

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Toronto Community Housing Corporation (TCHC) has experienced significant challenges since its creation through the amalgamation of three housing entities: CityHome, Metro Toronto Housing Company Limited and Metro Toronto Housing Authority in 2002. There have been a number of high profile governance and leadership challenges over the last six years. More recently, financial issues have arisen due to a combination of factors, including a business model that is fundamentally broken, a significant state of good repair backlog, and lack of clarity in its mandate. Security and community health concerns continue to pervade TCHC. The size of TCHC and its numerous lines of business have limited its ability to respond to a broad range of communities, neighbourhoods and residents it serves.

TCHC was established as a sole shareholder corporation and intentionally provided with a block subsidy, in order to allow it to operate with minimal interference from the City. However, throughout TCHC's history, the City has been far more involved in the management and operations of TCHC than originally anticipated. This involvement has taken many forms, including: Councillor engagement in general, Board directions and relationships, and interactions between staff within the City and TCHC. This report recommends that Council take a more strategic role in both the management of the social housing system and in providing direction to TCHC.

In January 2015, Mayor Tory established a Task Force, under the leadership of Senator Eggleton, to review TCHC with a particular focus on how to improve conditions for tenants and how to create a sustainable business model. This report considers the

rationale, support for and implications of the Task Force's Transformative Ideas. Staff have undertaken broad stakeholder consultation, a review of other jurisdictions, developed an approach for detailed financial analysis and modelling, and held discussions with members of the Task Force. Based on this review staff are recommending that Council support the five transformative ideas, with some minor modifications:

- (1) (partial) transition to a new (and existing) community-based non-profit housing corporations,
- (2) create mixed-income communities,
- (3) better buildings and (where possible) more of them,
- (4) decentralize operations/strengthen partnerships, and
- (5) reform the rent geared to income system.

The Task Force final report was tabled by the Mayor at Executive Committee in January, 2016 and the Task Force recommendations were referred to staff to review and provide advice to Council. The following four assumptions guided staff's review and analysis of the Task Force recommendations:

1. The status quo is not an option; significant change is required;
2. Improvements in the lived experience and quality of life for Torontonians living in TCHC is central to a successful model;
3. Reform in the social housing system will inform changes in TCHC; and
4. The way forward must build financial and social sustainability within TCHC and the wider social housing system.

While this report reflects a strategy for significant change, it is important to note that there remain various structural and systemic barriers that will continue to present challenges as the City moves towards a transformed social housing system. Structural poverty, increasing incidence of vulnerability, and ever-widening disparities in wealth continue to present as challenges, not only to the outcomes sought through the design and re-design of social housing, but to the success of the City's Poverty Reduction Strategy, Strong Neighbourhoods Strategy and for City-building as a whole.

This report sets out a set of strategic directions aimed at enhancing TCHC's capacity to provide clean, safe, well-maintained, affordable homes for residents and to help foster neighbourhoods where residents have opportunities. It also identifies new service models that will help improve the financial sustainability of TCHC and enhance the quality of life of Torontonians who call TCHC home. Notwithstanding these recommendations, a higher level of investment by the City will also be required, moving forward.

If implemented, the recommendations in this report will also help to enhance the capacity of the social housing sector and facilitate the development of new and innovative ways to deliver sustainable, supportive and tenant focussed social housing in Toronto.

## RECOMMENDATIONS

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### The Deputy City Manager, Cluster A recommends that:

1. City Council, as the ultimate owner of 58,500 rental units through its sole shareholder corporation, commit to Toronto Community Housing achieving the distinction of being a landlord of choice with a reputation for good repair, cleanliness, and safe and healthy buildings.
2. City Council direct staff to develop, for Council consideration, an implementation plan, detailing the actions required to:
  - a. transition a portion of the TCHC portfolio to a new community-based non-profit corporation;
  - b. transition a portion of the TCHC portfolio to existing and interested community-based non-profit social housing providers;
  - c. create more mixed-income communities within the social housing sector as a whole, including within TCHC;
  - d. create better buildings and more of them, including potential revitalization projects in the Etobicoke/York and Scarborough Community Council districts;
  - e. decentralize operations including the creation of an innovation lab established on a lean management model, that actively engages with tenants and innovates in response to tenant feedback;
  - f. strengthen partnerships, including detailed opportunities to work with community-based service providers, Local Health Integration Networks, the City, and other service providers to enhance capacity and quality of service delivery; and
  - g. reform the rent geared to income system, including opportunities to provide tenants with increased opportunities for choice within the social housing sector; and
  - h. clarify TCHC mandate and responsibilities within the shareholder direction.
3. City Council direct that staff review the financial and budget implications and additional funding required to implement each proposed recommendation and report back in Q1 2017.
4. City Council direct that the Deputy City Manager, Cluster A strike a TCHC Resident Advisory Group to help guide the development of the implementation plan.
5. City Council direct that the Deputy City Manager, Cluster A strike an Implementation Steering Committee including representatives of the TCHC Board and required City staff to help guide the development of the implementation plan.

6. City Council request that the City and TCHC undertake a detailed review of TCHC's assets to help determine which buildings TCHC should renovate; which buildings need to be replaced; which buildings may be transferred; and who is best to operate each buildings and that the initial findings be reported to Executive Committee in Q1, 2017.
7. City Council commend the Governments of Ontario and Canada for recent program and policy announcements, but further encourage both governments to actively support TCHC's capital repair program with new or existing tools including capital grants or interest-free loans, implementation of a program to convert existing high interest CMHC mortgages to reflect the lower rates in the current market environment, streamline approvals and donations or preferential sale of surplus public lands, while specifically encouraging the Government of Ontario to adjust utility scales and social assistance rent scales for those Torontonians living in social housing who are in receipt of Ontario Works or Ontario Disability Support Program supports.
8. Council thank the Task Force Members for their work in preparing both the Interim and Final Report on TCHC.

## **FINANCIAL IMPACT**

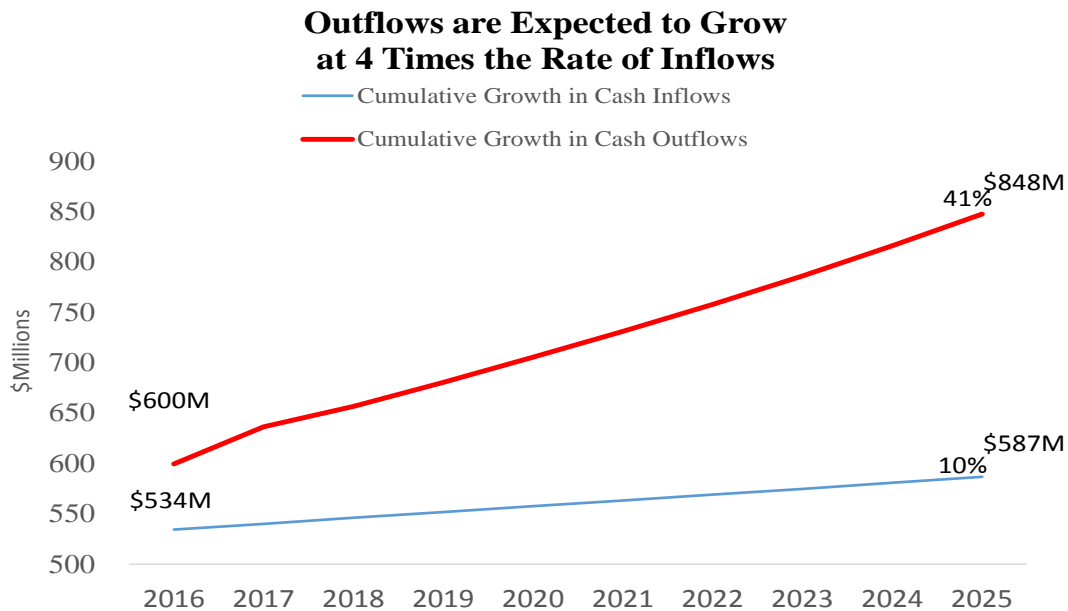
The social housing system in Toronto is under-funded. While these challenges are not limited to Toronto Community Housing, it is clear that the funding model for TCHC (unique in the social housing system) is the most severely and substantially broken.

The strategies set out in this report are part of a long term vision for TCHC and the social housing sector as a whole. This report is not intended to address the acute operational or capital pressures that TCHC is facing in 2017. The strategies are aimed at addressing the long-term financial sustainability of TCHC and enhancing the quality of life for Torontonians living in social housing.

The pressures on TCHC's capital budget have been the subject of numerous reports to Council, including the report on the City of Toronto's long term financial direction. TCHC has an aging housing stock that is in need of increased capital requirements. In 2013, TCHC, along with the City, developed a Ten Year Capital Financing Plan that called for the City and the Provincial and Federal governments to contribute an equal one-third share of the \$2.6 billion in funding needed over ten years to ensure TCHC's buildings were adequately maintained. The Federal and Provincial governments have not endorsed the ten year plan and there is no indication that they intend to provide any funding in this regard. Significant investment is required in order to ensure that the existing housing portfolio is maintained.

In respect of operating pressures, the City of Toronto's long term financial direction report identified a \$96 million operating deficit in TCHC's 2017 budget. This pressure is largely the result of static revenues and rapidly increasing expenses. According to

TCHC's Ten Year Net Operating Cash Flow Forecast, cash inflows (revenues) are expected to remain relatively stagnant, growing from \$534 million in 2016 to \$587 million by 2025, representing average annual growth of 1.0%. Over this same period TCHC's cash outflows (expenditures) are expected to grow by roughly 4%, largely as a consequence of increasing utility and maintenance costs. TCHC's utilities costs are projected to grow from \$142 million in 2016, to \$267 million in 2025, representing an average annual growth of 7.2%. Operating and maintenance costs are projected to grow from \$152 million in 2016, to \$210 million by 2025, representing average annual expenditure growth of 3.7%.



**Fig. 1: Cumulative Growth in cash inflows and outflows**

The transformative directions addressed in this report carry the potential of addressing the long-term social and financial sustainability of social housing portfolio but may also result in significant financial implications for the City and the other orders of government that cannot be quantified at this time. Staff will report back in Q1, 2017 on an implementation plan to transform TCHC, including financial implications for the City.

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

## **EQUITY IMPACT**

Incidents of crime, perceptions of crime, stigma, and oppression are correlated to many of the communities in which TCHC operates. The majority of tenants that call TCHC home, receive their income from government sources and live below the poverty line. Many tenants lack options and opportunities to exert control over their living conditions and much of their lives.

City Council, as the ultimate owner of 58,500 rental units through its sole shareholder corporation, has a responsibility to ensure that the 110,000 Torontonians that call TCHC home live in clean, safe, and healthy conditions.

Through the enhanced social and economic integration envisioned by the recommendations in this report, Torontonians living in social housing will have the opportunity to co-create more socially and economically diverse neighbourhoods, and bring about increases in health, well-being and economic mobility. This report and the recommendations it puts forward, provide Council the opportunity to re-think the way social housing is delivered and sets a course to improve quality of life for TCHC tenants.

## **DECISION HISTORY**

On January 28, 2016, the Mayor's Task Force on Toronto Community Housing Corporation tabled its Final Report, "*Transformative Change for Toronto Community Housing Corporation*" at Executive Committee. Executive Committee referred the Final Report to the City Manager, with direction as follow:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX11.21>

The Executive Committee:

1. Referred the final report from the Mayor's Task Force on Toronto Community Housing Corporation (TCHC) titled "Transformative Change for TCHC" to the City Manager for an initial assessment of the Task Force's recommendations and underlying assumptions/principles, with direction to report to Executive Committee in the Spring of 2016 recommending an overall approach and guiding principles for how best to move forward with the transformation of Toronto Community Housing Corporation; followed by a second report in the Fall of 2016 outlining a detailed long term implementation plan/or the transformation.
2. Requested the City Manager to include and consider the following details when assessing the management models recommended in the Final Task Force Report:
  - a) Ownership (of both land and units) arrangement within each of the models, including numbers of units to be owned by a potential non-profit at the completion of transition;
  - b) Public and financial accountability frameworks;
  - c) Issues and impact on labour agreements;
  - d) Measures to ensure the current number of social housing units, plus any newly constructed units, will remain protected as such in the future;
  - e) Financial or business impacts, if any, on the ability to secure (or the need to guarantee) any loans to fund Toronto Community Housing Corporation or NewHome now and in the future;
  - f) Detailed timelines for implementation; and
  - g) The City's role and relationship vis-a-vis a new organization.

3. Requested the City Manager to include a discussion and exploration of any alternative solution(s) that would still achieve the stated objectives embedded in the non-profit model, and include the information in Parts 2a to 2g above.
4. Requested the City Manager to include in the final report an assessment of the impact on the lives of Toronto Community Housing Corporation residents for all models or alternative solutions that may be proposed.
5. Requested the City Manager to review the recommendations related to rent supplements and housing allowances, and provide additional information on their use and impacts for residents and the City's social housing stock.
6. Requested the City Manager to provide an estimate of the operating and capital funds required for each recommendation included in the Final Task Force report and the plan to secure and guarantee these funds.
7. Requested the City Manager to develop a public consultation process on the recommendations made in the final report on the future of Toronto Community Housing Corporation.

## **ISSUE BACKGROUND**

### **TCHC Profile**

TCHC is the largest landlord in Canada and the largest social housing landlord with over 58,500 units, 110,000 residents and 1,600 staff. Up to 80% of residents within TCHC receive their income from a government source – either as a federal pension, as provincial social assistance or some combination of sources. TCHC is home to more than 22,000 children and 21,000 seniors who live alone. Over 93% of households live in poverty, with an average annual income of around \$15,225. Over 70 languages are spoken in TCHC communities. In some places in Toronto, TCHC's housing dominates the neighbourhood and overlaps with the City's own Neighbourhood Improvement Areas.

TCHC was created on January 1, 2002 by merging (by way of asset transfer) the:

- Metropolitan Toronto Housing Corporation (formerly Metro Toronto Housing Authority, which managed the provincial public housing units in the city);
- Toronto Housing Company (itself the result of a merger in 1999 of the Metropolitan Toronto Housing Company Ltd and City of Toronto Non Profit Housing Corporation, also known then as CityHome).

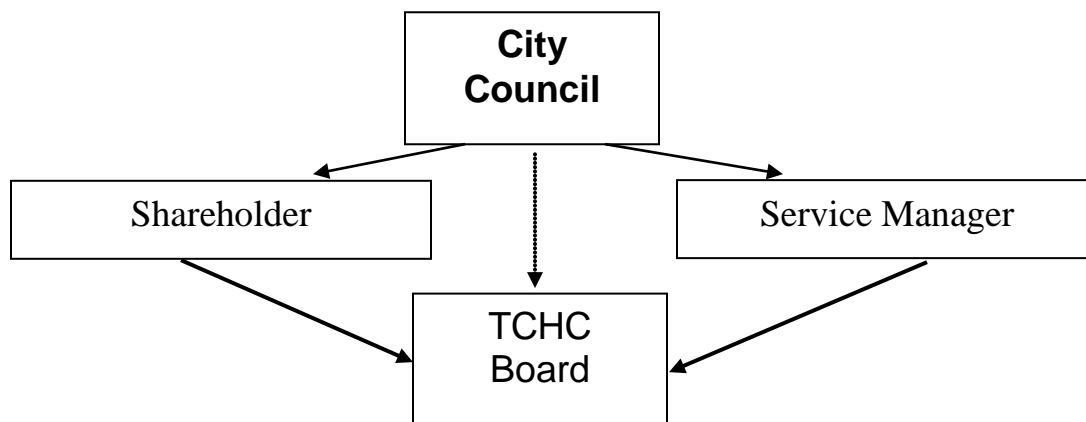
The next largest landlord in Canada is a private market landlord, Boardwalk REIT (Real Estate Investment Trust), which is half the size of TCHC with approximately 33,000 units, 55,000 residents and 1,500 staff in four provinces. The next largest social housing landlord in Canada, is the Office Municipal d'Habitation de Montréal (OMHM) with approximately 23,000 units, 38,000 tenants and 800 staff.

Almost 48,000 of TCHC units are located in high and mid-rise buildings. TCHC has 347 buildings with elevators (594 in total) – more than many cities and towns. Another 11,000 units are located in townhouses, walk-ups or in scattered houses. The majority of units (56%) are bachelor units and one-bedroom apartments for single people or couples (including seniors).

TCHC is home to many people living with serious mental illness. Based on prevalence rates, it is estimated that seven per cent of TCHC tenants – 8,900 adults – have a mental illness serious enough to make them eligible for supportive housing.

### **Governance Model, Shareholder Agreement, City as Service Manager**

The City of Toronto interfaces with TCHC as both a Service Manager under the *Housing Services Act* (regulator/funder), and as a Shareholder through the Shareholder Direction (owner). The City therefore, has an oversight and funding role for Toronto Community Housing that is separate and distinct from its role as Shareholder.



**Fig. 2: City's Relationship with TCHC**

TCHC has an independent Board of Directors that is appointed by City Council. The current TCHC Board has 13 members:

- 3 City Councillors
- The Mayor or designated representative
- 9 citizen members, including two tenants

Seven of the nine citizen members are elected through the City's public nominations process. Two tenant members are elected by tenants themselves through a participatory process. The current citizen board members were appointed in late 2015.

The City and TCHC interface in significant ways on a daily basis. As with any development application, City Planning reviews and approves all of TCHC's applications for development and redevelopment according to the City's Official Plan. Approximately



18% of TCHC residents are on Ontario Works (an additional 22% receive Ontario Disability Support Program assistance) and interact regularly with City staff in Toronto Employment and Social Services who monitor their benefit payments. Councillors also interact with TCHC when issues arise in their ward. They become involved in issues related to development and redevelopment, community space, neighbourhood events as well as dealing with tenant complaints and issues.

The City has two oversight functions that influence TCHC and its day-to-day operations: the Ombudsman and the Auditor General. Both of these functions operate independently from City management and report directly to Council. Their authority stems from the *City of Toronto Act*. Both entities can conduct reviews of City divisions, agencies and corporations, as well as other entities the City is related to or has an interest in. The Ombudsman is an impartial investigator of residents' complaints about the administration of City government (including agencies, boards and corporations). The Auditor General is responsible for assisting City Council in holding itself and City administrators accountable for the quality of stewardship over public funds and for achievement of value for money in operations.

### **Recent Historical Challenges**

Beginning in 2009, TCHC entered a period of turmoil, bolstered by tenant concerns and media attention about business practices, policies and procedures. Several independent review bodies undertook investigations. Changes were made by the City to the TCHC Board – but TCHC continued to experience challenges, ultimately leading to the Mayor appointing a Task Force in early 2015. The Mayor's Task Force was not the first external review of TCHC.

The first independent review and investigation was conducted by the Honourable Patrick LeSage. TCHC launched the review itself in late 2009 after a former tenant, Al Gosling, died after having been evicted. The LeSage Report was released in June 2010 and focussed attention on vulnerable tenants, particularly seniors living at TCHC.

In 2011 and 2012, the City's Auditor General released five audit reports which asked TCHC to address problems with controls over procurement, employee expenses, relationships with subsidiaries and oversight of its vehicle fleet, which has since been transferred to the City of Toronto. The Auditor General commended TCHC in April 2016 on making significant changes in its day-to-day operations.

In June 2013, the City's Ombudsman released the results of her investigation in a report titled "Housing at Risk", in which 30 recommendations were made, including that TCHC implement the outstanding recommendations made in the LeSage Review, the most notable of which was the establishment of an Office of the Commissioner of Housing Equity (OCHE). The OCHE is an independent office, opened in 2014, and reports directly to the TCHC Board. The OCHE handles vulnerable residents and seniors at risk of eviction due to rent arrears. TCHC is the first and only social housing organization in Canada to have a Commissioner of Housing Equity.

The Ombudsman also conducted an investigation of TCHC's human resources policies and practices after receiving numerous complaints from former and current non-unionized employees. "Unrule(y) behaviour" was published in 2014 after an investigation of allegations of improper hiring and promotions, irregular compensation, and unfair terminations.

These crises caused priorities to shift on an ad hoc basis, often diverting board attention and staff resources away from tenant services. The scrutiny caused many to question TCHC's size, mission and management.

### **The Mayor's Task Force on Toronto Community Housing**

The six-person volunteer Task Force was established in January 2015 by the Mayor to tackle an increasingly unacceptable situation at TCHC. The Task Force, led by Senator Art Eggleton, was comprised of representatives from the social housing, finance, real estate development and social policy sectors as well as a tenant member. The Task Force reported to the Mayor in January 2016 in a report entitled "Transformative Change for Toronto Community Housing Corporation". The Task Force's one year mandate covered four broad areas: TCHC's current operations and service delivery, partnerships and innovation, capital revitalization and new development, and governance.

During their year-long review, the Task Force heard from over 1,000 tenants and members of the public, met with over 100 different stakeholder groups, a wide range of officials from the Municipal, Provincial and Federal governments, TCHC's Board, executive and staff, including representatives of their 5 unions.

In July 2015, the Task Force released an Interim Report, called *Improved Living at Toronto Community Housing: Priority Actions*. The Interim Report focussed on issues identified by residents through community consultations. The Task Force made seven recommendations focussed on securing additional funding, developing and implementing four action plans, creating a Resident Charter, and hiring a Chief Operating Officer. TCHC responded with "Getting it Done: Real Change at Toronto Community Housing" in September 2015. It presented an action plan for addressing the 71 items identified by the Task Force Interim Report. A progress report was submitted to the Mayor in December 2015. In its March budget approval process, Council approved an additional \$5.5 million in funding for TCHC in response to "Getting it Done". These monies were earmarked for projects aimed at helping to advance solutions for some of the challenges identified in the Interim Report.

On January 26, 2016, the Task Force tabled its Final Report to Executive Committee, which included the finding that TCHC is an organization that, because of its history and structure, is unsustainable financially, socially, and from an operational and governance perspective. The Task Force identified five key problems with TCHC:

1. Many tenants are dissatisfied with their homes and the services they receive.

2. TCHC does not have the mandate, expertise or funding to offer all the supports that tenants need.
3. TCHC is not financially sustainable in its present form.
4. TCHC's buildings need substantial new investment to replace aging mechanical systems, roof and other major capital features.
5. TCHC had a tumultuous five years from 2010 to 2015 with three Boards of Directors, four CEO's and a significant turnover in senior management.

The Task Force identified possible solutions to address the wide-ranging nature of TCHC's problems through five 'Transformative Ideas' and 29 recommendations. The Task Force solutions focussed on opportunities to enhance good governance, operational success, partnerships and ways to achieve financial stability.

### **Social Housing System issues and review**

The City as Service Manager is responsible for administering and funding Toronto's social housing system, which provides over 95,000 units of social housing including approximately 70,000 Rent Geared to Income (RGI) units. This includes legislated funding and oversight relationships with non-profit and co-operative housing providers, which serve tenants in over 30,000 units in projects of varying sizes. These projects were developed by community-based organizations with government funding and represent significant public investment. The social housing supply is an essential component of housing stability, contributing to the City's purpose-built rental housing stock, and providing both lower end of market units and subsidized units. As such, it is a critical component of the City's efforts to help prevent poverty.

The City has allocated more than 3,700 allowances funded primarily through the Investment in Affordable Housing Program. Housing allowances increase accessibility to Toronto's housing market and represents another method that government uses to address the lack of supply at the lower end of the market.

Along with the 95,000 City-administered social housing units, another 11,200 units operate outside of the City's Service Manager jurisdiction. Dedicated supportive housing is funded by the Ministry of Health and Long Term Care and the Ministry of Community and Social Services. Supportive housing is targeted towards individuals who require supports to live independently in the community. Currently, there are about 5,000 spaces/units available in the City. There are also approximately 6,200 mixed-income co-operative housing units that operate under agreements with the federal government. Staff have advised Council of the issues facing the social housing sector through several key reports. The most recent was presented to Council in July 2015 and was called *Transforming Social Housing: Renewing the Partnership with the City's Social Housing Providers*. In that report, staff advised that the social housing system was at risk due to a range of pressures that have intensified over the past decade including:

- declining federal and provincial funding and transfer of funding responsibility to the City of Toronto;

- increasing demand and complexity of client need;
- aging buildings with large capital repair backlogs;
- potential loss of public investment and stock through expiry of federal operating agreements; and
- challenges to providers' capacity to deliver quality housing and services.

Social housing delivered by independent non-profit housing providers is a well-established model that has thrived for over 40 years in Ontario. Many non-profit housing providers are smaller community-based organizations, while some are part of larger multi-service community organizations (e.g. Woodgreen or YWCA). Some are charities or have a charitable foundation. Some receive funding from the provincial or municipal government to provide support services and programs to tenants with high needs. Most were funded under federal and provincial programs starting in the 1970s and designed to create mixed-income communities. They were a response to the observation at the time that publicly-owned housing had created concentrations of poverty. Due to their smaller scale, history and visibility, these non-profits do not, generally speaking, dominate neighbourhoods as TCHC sometimes does. Non-profit social housing providers are often well integrated into their communities.

Rules and regulations for operating social housing fall under the *Housing Services Act* (HSA). The City conducts an annual review of each housing providers' Annual Information Return and audited financial statements and relies on a risk assessment tool to assess capital and financial risks. The City also conducts regular operational reviews of non-profits. The reviews include verifying purchasing procedures, business processes, and compliance with HSA requirements as well as ensuring that the housing provider is adhering to other legislation such as fire safety.

Staff began work on the development of a Capital Repair Financing Strategy to address capital repair needs of non-TCHC housing providers under City administration (i.e. the non-profits and co-ops). Staff are quantifying capital funding requirements, assessing borrowing capacity, and exploring financing options. This work will help the City ensure housing providers maintain a state of good repair and are sustainable over the long-term.

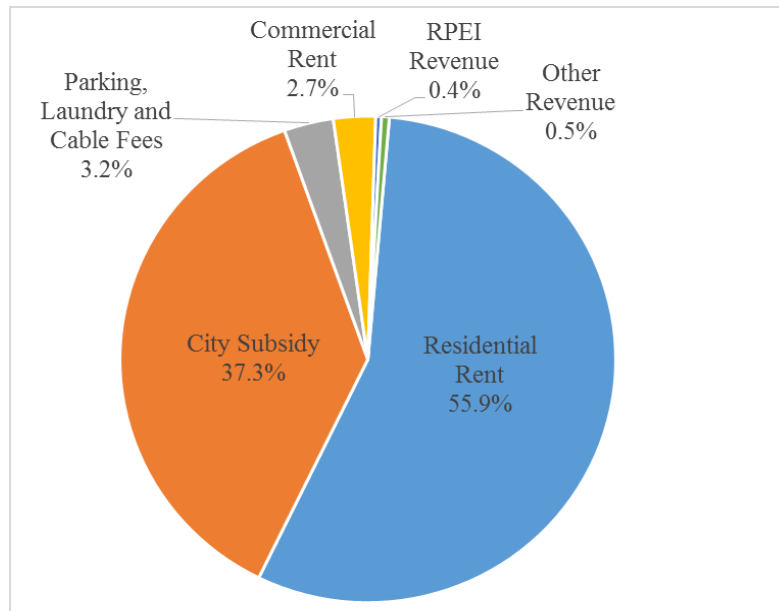
The City's evaluation of non-profits has been largely focussed on legislative compliance and risk assessment. The City's approach is however, evolving. As Service Manager, the City is accountable for planning and stewardship of the social housing system. As the City grows into this role and the system matures, there continues to be a consistent shift away from a focus on administering legacy programs, and towards the development of new approaches based on local needs and housing stability goals.

## COMMENTS

### A Broken Business Model

#### *Operating Revenues*

TCHC has two main sources of revenue: (1) residential rent, and (2) an operating subsidy provided by the City. In 2016, residential rent totalled approximately \$299 million, or 56% of TCHC's total revenues. The operating subsidy totals approximately \$199 million, or 37% of its total revenues, and is intended to cover the cost of mortgages, property taxes, a portion of the costs of utilities, funding to reduce the state-of-good-repair backlog annually, and maintenance administration related to tenancy management, not covered by rental revenues. Combined, residential rent and the operating subsidy represent approximately 93% of TCHC's total revenues.



**Fig. 4: TCHC Sources of Revenue (Total: \$534 Million)**

The other remaining revenue sources for TCHC in 2016, are as follows:

- parking, laundry and cable fees (\$17.2M, 3.2%);
- commercial rent in TCHC space (\$14.7M, 2.7%);
- Regent Park Energy Inc. revenue (\$2.0M, 0.4%)
- other revenue (\$2.7M, 0.5%).

According to TCHC's ten year forecast (see Fig. 1), gross revenues are expected to remain relatively stagnant over the next decade; growing from \$534 million in 2016 to \$587 million by 2025, representing average annual growth of 1.0%. A key driver of the low growth forecast is the expectation that RGI units, which represent 74% of total TCHC residential rental revenues and 41% of total revenues, will not generate any revenue growth over the forecast period.

## Operating Expenses

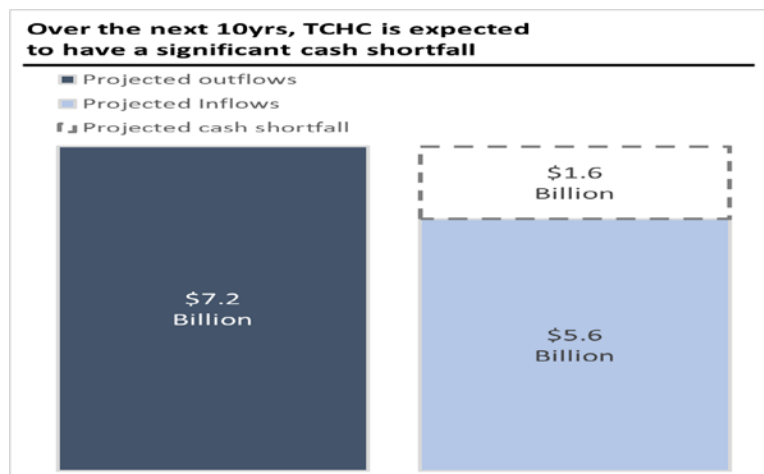
TCHC's base cost pressures are driven by above inflationary growth in utility costs and to a lesser extent, operating and maintenance cost increases (including maintenance and financing repayment). These two expense pressures represent approximately 49% of TCHC's annual expenditures. Utility costs (hydro, water, gas and solid waste services) are increasing at rates significantly higher than inflation. Hydro costs have increased 43% since 2012 while water costs have increased by 39% over the same period. TCHC's utilities costs are projected to grow from \$142 million in 2016 to \$267 million in 2025, representing average annual growth of 7.2%. Operating and maintenance costs are projected to grow from \$152 million in 2016 to \$210 million by 2025, representing average annual expenditure growth of 3.8%. Expenditure growth in these areas is exacerbated by aging infrastructure – a pressure that will continue to worsen over time.

TCHC is restricted by Provincial legislation on how much it can charge RGI tenants for utilities, including, most notably, hydro. TCHC currently only recovers 15% of utility costs from tenants, through provincially-mandated scales. These charges have not increased in any material way over the last 20 years.

TCHC also provides a wide array of directly delivered services to its tenants. These services include community safety services, resident engagement and community support. TCHC projects the cost of these services to grow from \$29 million in 2016 to \$41 million by 2025 (assuming static service levels). TCHC also has pressures associated with service enhancements approved by Council such as enhanced security and monitoring and extended on-site superintendent presence.

## The Growing Operating Deficit

A combination of static revenues and rapidly increasing operating costs has resulted in what is now an unsustainable business model for TCHC. Under the status quo, TCHC's operating deficit will grow from a projected \$96 million in 2017 to an estimated \$261 million in 2025, with a cumulative cash flow shortfall of \$1.6 billion by 2025.



**Fig. 5: TCHC Projected 10-year shortfall**

## *Capital Financing*

TCHC has an aging housing stock (average of 40 years) that is in need of increased capital requirements. Significant investment is required over the next ten years, in order to ensure that the existing housing portfolio is adequately maintained.

In assessing the condition of its housing portfolio, TCHC uses an engineering industry standard known as the Facility Condition Index (FCI) to determine the relative condition of a building or portfolio of buildings. It is the ratio of accumulated unfunded liability (capital backlog) over the replacement value of the asset(s). TCHC uses an FCI target for their portfolio of 10%, meaning it aims to carry a deferred capital backlog of up to 10% of the replacement value of its assets.

In 2013, TCHC, along with the City, developed a Ten Year Capital Financing Plan that called for the City and the provincial and federal governments to contribute an equal one-third share of the \$2.6 billion funding (or \$864 million each) needed over ten years to ensure TCHC's buildings were adequately maintained.

TCHC must and will continue to seek cost-savings where it can. The Task Force recommended that the City continue to pursue, on TCHC's behalf allowance for mortgage refinancing without penalty on remaining high interest Canada Mortgage and Housing Corporation (CMHC) mortgages. Two-thirds of TCHC's mortgage portfolio held by CMHC is non-renewing and annual interest costs are about \$17.7 million.

Discussions with the Province and CMHC indicate that TCHC may be able to take advantage of the federal budget announcement that allows pre-payment of non-renewable social housing mortgages without penalty. Details of the scope and magnitude of these possible pre-payments are expected in Q3, 2016. By eliminating prepayment penalties, TCHC may be able to free up additional money that can be directed to capital repair, revitalization efforts or operational needs.

## **System Challenges**

Many of the systems challenges within TCHC relate to its size and the relative absence of any comparable social housing providers. Currently TCHC is responsible for the management of 58,500 units. The next largest housing provider in Toronto's social housing portfolio has less than 1000 units. This significant disparity limits the number of comparable players in the social housing market and creates an unstable system, lacks any drivers for innovation, and limits options for tenants. Further, it concentrates a uniform approach to housing across the City while locking economies of scale within a single housing provider.

The size of TCHC, while benefiting from economies of scale, also poses some real challenges. Tenants report feeling alienated from their landlords and report a lack of accountability and responsiveness as a consequence of the large bureaucracy.

Furthermore, the unique needs of tenants, and the unique make-up of Toronto's communities, cannot be fully served with a monolithic approach to housing provision. The geography, design and location of buildings often requires different approaches to property management and different models of service provision and oversight. Tenants' social location and demographics can also foster a need for more deliberate and focussed program design. It is extremely challenging for a single housing provider to be all things to all people in all neighbourhoods. A social housing system that relies on a single provider to house 66% of its tenants is inherently unstable and will be hard-pressed to deliver the customer service and program design tenants deserve.

### **Governance Challenges**

Governance of TCHC is provided by a 13-member Board of Directors appointed by City Council. This Board is responsible for the provision of effective leadership, oversight and stewardship of TCHC, based on a clear understanding of service expectations, service-user needs and the Shareholder Direction. TCHC's Board's efforts to carry out these responsibilities have been challenged in recent years by the dissolution of the Board and appointment of a new slate of Directors. Moreover, senior leadership changes, and the time and energy taken by controversial issues, have challenged the ability of the Board to effectively direct TCHC.

In light of the Mayor's Task Force Report and staff consultations and reviews, it is clear that there are a number of challenges related to a lack of clarity around the Board's role, responsibilities and accountabilities vis-à-vis the City. The absence of a clear and directive Board to Shareholder relationship has led to a prioritizing of acute response and immediate actions, rather than a more strategic long-term focus that furthers the tenant-focussed aims of TCHC. Practices and processes need to be developed that clarify expectations and enable and support the Board of Directors to effectively and successfully oversee TCHC. TCHC's Board has also faced challenges in the form of inconsistent and acute requests from Council for responses and action.

As noted above, in addition to its role as shareholder of TCHC, the City also has a Service Manager relationship with TCHC. This role is set out in the *Housing Services Act* and relates to the City's role in funding and overseeing social housing. This Service Manager relationship with TCHC has historically been different from the Service Manager relationship the City has with other housing providers. It has traditionally been more hands-off, with less direct monitoring, oversight and ongoing involvement. There has been a lack of formal coordination at the City between the Shareholder role and the Service Manager/funder role and their relationship to TCHC.

The City's dual role of Service Manager and Shareholder must be better integrated to provide greater clarity and consistency in defining the City's service expectations and priorities; managing requests for additional services; exploring opportunities for program partnerships; and ongoing performance management.



## **Operating Challenges**

There are several key issues that present significant operating challenges for TCHC. In 2015, the City engaged third-part consultants to help carry out a detailed assessment of TCHC (the "Service Manager's Assessment") in order to identify some of the key operating challenges at TCHC. The Service Manager's Assessment included the following operational challenges:

- a lack of clarity about roles, responsibilities, policies, processes and standards;
- weak internal operational, accountability and performance measurement systems (HR, IT and data/information systems);
- insufficient organizational capacity and resources to deliver on its permissive mandate; and
- a lack of comparative data to help inform and/or gauge the performance of TCHC.

The organizational structure at TCHC has resulted in inconsistent oversight by TCHC staff of the front line operations. This has led to an inability to keep close enough track on the fundamental social housing responsibilities: unit turnover, vacancy, access, and general compliance with RGI regulations. This has made performance measurement by TCHC and service system management by the City, extremely challenging. The apparent challenges of filling vacant positions and the high number of staff on reduced work, make it difficult to conclude whether there may be opportunities to unlock additional resources to meet service expectations and requirements.

Inconsistencies in practices across buildings and between different service providers (in some cases property management work is contracted out to third parties) has compromised service provision to tenants and has, in some cases, exacerbated an already significant distrust by tenants.

TCHC also faces challenges in reporting metrics, analysis of trends and data often because they do not have the capacity or resources required to implement or manage such a system. Moreover, those buildings that are subject to property management by third-party housing providers do not use the same IT systems, which results in a lack of integration for service delivery, a lack of consistency in practices across the portfolio and a missed opportunity to benefit from economies of scale.

Due to its financial and social unsustainability, deteriorating housing stock, increasing vulnerability, and inconsistent grounding in operational and governance best practices, TCHC is an organization that is both unsustainable in its current form and incapable of meeting its mandate now and into the future.

## **A PATHWAY FORWARD**

The recommendations in this report, and the discussion below help to frame real measures that, if adopted, will help to provide for the long-term financial sustainability of TCHC and the social housing sector as a whole. That said, these strategic directions

while *necessary*, are not *sufficient*. Additional financial resources are required from the City to address current and future operating pressures. Support from all three orders of government will be required to address the capital pressures. While the specific financial requirements needed to effect the changes detailed in this report will be forthcoming in staff's Implementation Report in early 2017, it is clear that additional resources are required in order to ensure that Torontonians living in TCHC see a meaningful improvement in their quality of life.

## **Principles for Change**

The following five principles were used to guide and frame staff's review of the Mayor's Task Force Report on Toronto Community Housing and should apply to all aspects of implementation:

1. **Tenant-focussed Approach** – It is essential that any transformations to TCHC be examined through the lens of improved quality of life for tenants. Over 110,000 Torontonians live in TCHC. It is essential that Torontonians living in TCHC have the ability to actively engage as participants in helping to shape the path forward. Staff have approached this report with a deep commitment to tenant well-being, both in defining the outcomes of this review and the path to get there.
2. **Real Accountability** – Accountability is central to effecting real change and must be built into all aspects of transformation. This includes accountability of landlord to tenant, of landlord to Service Manager, and of Service Manager to tenants. Accountability requires transparency, responsiveness and consistency.
3. **Sector-wide Lens** – A long-term sustainable plan for TCHC must engage the social housing sector as a whole and be grounded in a strong role of City as Service Manager. A robust non-profit sector is one that is equipped and resourced to deliver a diverse range of services aimed at unique communities, neighbourhoods and individuals. The opportunity provided through this report will allow the City to clarify its role as service system manager and ensure it continues to be a best-practice leader in how social housing is delivered to Torontonians.
4. **Size and Scale Matter** – A social housing provider's size and scale shape the way it delivers housing, its responsiveness to tenants, its ability to engage with stakeholders and community partners, and its capacity to meet its tenants' needs. Larger organizations may be able to take advantage of certain economies of scale while many smaller organizations may be able to provide enhanced customer service as a result of their proximity to service users.
5. **Innovation and Competition** – Real change requires that social housing providers, including TCHC, seek out opportunities to enhance and innovate in respect of their service provision. Providers need to be both encouraged and supported to think differently about how social housing is delivered and be given room to develop innovative models that enhance the quality of life of tenants.

## **Two Immediate Actions**

The recommendations set out in this report cannot be fulfilled without staff first undertaking two key pieces of work: a detailed asset review and the development of Key Standards and Performance Measures for social housing providers. Both of these pieces are crucial to help frame and guide the design of an implementation strategy that will further the directions identified in this report.

### *Asset Review*

Consistent with the approach set out in the Mayor's Task Force Report, this report recommends that a thorough Asset Review be undertaken to assess TCHC's existing property portfolio. This portfolio review would be undertaken to help determine which buildings TCHC should renovate; which buildings need to be replaced; which buildings may be transferred; and who is best to operate each buildings in order to provide the most effective service to tenants.

While accountability and high-quality service must be at the core of any service model, it is critical that the condition of existing buildings, the specific neighbourhood and community location, as well as the physical location of the building are each assessed in terms of their fit to the mandate of the social housing provider and the needs of the tenants. An evaluation of this alignment must inform this Asset Review and should help to identify best practices related to community, building and unit design, accessibility, tenant population and organizational mandate.

This Asset Review must be a joint process between the City and TCHC. The City, as shareholder and Service Manager has a vested interest in and responsibility to the communities and the tenants who live there. Tenants and their communities should also be engaged to help inform this review process and to ensure transparency and accountability. Other stakeholders and interested parties may be engaged to ensure that a comprehensive review is undertaken; however, the City and TCHC must work together to develop a thorough and detailed evaluation framework and assessment tool to examine the portfolio, including, but not limited to, the following:

- Building conditions
- Accessibility
- Community assessment
- Building and unit design
- Fit to mandate
- Management/ownership opportunities
- Service model partnerships
- Community resources
- Geographic need
- Renewal and/or revitalization opportunities

TCHC has already carried out a detailed review that identified capital needs within different communities. The City and TCHC's review of over 50 sites for potential infill and revitalization and the City-wide Real Estate Review may also provide some important tools to help inform this Asset Review. The goal is to build on the past and current work of both TCHC and the City and to develop a more detailed, holistic and strategic analysis of TCHC's portfolio.

### *Development of Key Standards and Performance Measures*

In 2015, the City launched an initiative entitled, *Raising the Bar*. This initiative is aimed at developing a new system of standards for social housing providers to improve the overall quality and sustainability of social housing in Toronto. These standards are intended to help set clear expectations for performance and quality in the delivery of social housing while concurrently enabling consistent measurement and assessment. Once implemented, the standards and corresponding key performance indicators will apply to all social housing providers under City administration, including TCHC. The standards will also inform any new partnership agreement with housing providers with operating agreements that are expiring in the next few years.

The development of *Raising the Bar* began with a scan of social housing standards in other jurisdictions, and a visioning process with staff and housing providers to describe what it means to deliver valuable social housing. Over 70 housing providers participated in working groups to develop standards and indicators in six performance categories:

1. Resident & Community Engagement
2. Resident Services
3. Building Maintenance and Improvement
4. Financial Viability
5. Governance
6. Management

A key component of addressing the modernization of the social housing system, including the vision for transformative change at TCHC, is an updated regulatory framework. Council will be able to rely on the standards developed through the *Raising the Bar* to ensure accountability of all non-profit housing providers, including TCHC.

*Raising the Bar* aims to address barriers to improved quality of life by:

- establishing clear and transparent targets for what tenants can expect;
- achieving measurable outcomes for residents through service quality, financial stability, and asset preservation;
- establishing service and operational expectations of housing providers;
- measuring performance and holding all parties to account; and
- identifying processes and resources required for successful implementation.

*Raising the Bar* will allow the City to more effectively oversee and respond to housing providers and tenants, while providing a robust quality assurance framework. The final version of the standards is currently being prepared.

## **FIVE TRANSFORMATIVE IDEAS**

The Mayor's Task Force set out Five Transformative Ideas for TCHC, as follows:

1. Transition to a new community-based non-profit housing corporation
2. Create income-mixed communities
3. Better buildings and more of them
4. Decentralize operations/strengthen partnerships
5. Reform the RGI System

Each of these ideas are explored and addressed below. Where appropriate, modifications and innovations have been made to best align these ideas with:

- a) feedback from the City's community consultation;
- b) consultations with the TCHC Board, TCHC staff, labour leaders and interested members of Council;
- c) a social housing and social development perspective; and
- d) the City's own strategic directions.

No single solution will address the challenges identified in the Mayor's Task Force Report. Many of the challenges are multi-dimensional and have been many years in the making. For this reason, staff are recommending a suite of actions, which, taken collectively, will help to transform TCHC and the broader social housing system and enhance its capacity to improve the quality of life of tenants. This suite of options consists of multiple actions, each aimed at the complementary objectives of identifying what works best for Torontonians, and managing risks associated with change. While change will not take place overnight, the path forward starts with now.

### **TRANSFORMATIVE IDEA 1 - Community-based Non-Profit Corporation**

The first of the Five Transformative Ideas is the transition of TCHC to an independent, community-based non-profit housing corporation with its own Board of Directors. The Task Force presented three main drivers for this recommendation. First, the transition to this new community-based non-profit (referred to by the Task Force as 'NewHome') would potentially allow for an increase in capital borrowing capacity for renovations and new development by removing it from the limits set by the City's own policies. Secondly, the transition would allow NewHome to make independent decisions and plan for its future while providing greater clarity of the relationship between and the City and the NewHome Board. Thirdly, the transition would create a customer service culture where tenants were both the primary stakeholder and had a stronger voice in governance.

This Board, according to the Mayor's Task Force Report, would be reduced in size to 7-9 citizen members, chosen for their skills, experience and professional expertise. Notably, on this recommendation, City Councillors would not be represented on the Board of NewHome and those board members that were in place would receive an increase in remuneration and be supported by a modest secretariat separate from management staff.

After a transition to a community-based non-profit, NewHome would continue to be accountable to the City, as Service Manager, under the *Housing Services Act* and held to the same standards as other non-profit social housing providers. However, NewHome would not have any further relationship with the City as its shareholder. According to the Mayor's Task Force, "City Councillors have sometimes resorted to acting on their own to address specific problems. Multiple investigations have led to literally hundreds of recommendations. TCHC staff have been repeatedly required to abandon their work plans to respond to the latest media story. All of this impacts TCHC's ability to fulfill its core mandate." On the Mayor's Task Force's reasoning, the transition to a community based non-profit would remove these challenges and allow TCHC to focus on delivering its core business as a social housing provider.

### **Risks of Full Scale Transfer**

While there is evidence to support many of the findings of the Mayor's Task Force Report, it is not clear that the risks associated with a full-scale transfer of TCHC to a community-based non-profit are warranted. While stock transfers have been undertaken in a number of jurisdictions, the results of these transfers rest on a number of unique demographic and geographic variables that are unique to the jurisdictions in which they were implemented, and even where they have been successful, the application of these results to the Toronto context remains unclear. Once transferred, there would be little the City could do to repair any unforeseen consequences that may arise due to the transfer.

A full-scale transfer of the existing TCHC portfolio and housing stock would not address the issues inherent in having a single, monolithic social housing provider attempting to provide services to a broad range of tenants with diverse needs and living in unique neighbourhoods. A single social housing provider of this size, even a non-profit provider, does not, on its own, ensure that services provided to tenants reflect local and individual needs.

Research from the UK suggests that housing management is best delivered with an optimal range of 1,000-5,000 units. This number takes into account the dichotomy of scaleable and non-scaleable services that social housing providers deliver. Moreover, it recognizes that in larger urban settings, a larger number of housing providers can often lead to increased learnings, complimentary service delivery and increased capacity to both work with and support other organizations within the non-profit sector.

Additionally, the Province has indicated that it will be moving forward on the modernization of the social housing system in Ontario, which could create an environment that is more conducive to such transfers in future years.

It is for these reasons that staff are recommending, subject to the outcome of the Asset Review, a conservative transfer of approximately 5000 units from TCHC to create a new community-based non-profit corporation.

## **Transfer to a New Community-based Non-Profit**

To achieve the outcomes sought through this Report, and to advance the objectives of the Mayor's Task Force Report, staff are recommending the creation of NewHome as a community-based, non-profit social housing provider to manage (or lease and manage) approximately 5,000 TCHC social housing units. This action represents a low-risk approach to the creation of a new non-profit social housing provider.

The creation of NewHome must be carried out in a manner that provides space to:

- (a) Develop a greater foundation of knowledge within the City in respect of how best to effect such transfer;
- (b) Evaluate feedback from tenants to determine how best to deliver social housing that meets the needs of unique and diverse communities across Toronto; and
- (c) Mitigate potential risks and exposures associated with a full scale transition to a community based non-profit.

Staff recommend a measured approach, proving out the model, building a knowledge base, empowering the non-profit sector, and improving the quality of social housing delivered to tenants, all at the same time. This approach provides the City with time to assess the transfer and determine whether a full transfer is appropriate and feasible.

Many of the strengths of the non-profit social housing sector could be actualized within NewHome including: a focus on building a strong operational foundation, a tenant-focused approach to customer service, and culture change brought about through decentralization of many services. NewHome provides an opportunity to bring about increased proximity and accountability to tenants through a smaller scale organization.

For this to be successful TCHC's existing employees will need to be offered the opportunity to transfer to NewHome (and union representatives consulted) and participate in delivering this refreshed model of social housing provision. As part of staff's stakeholder engagement process, union representatives were consulted and will continue to be engaged, moving forward. One union, Local 79, prepared a written submission, *CUPE Local 79's response to Transformative Change for Toronto Community Housing*, which has been appended to this Report as Appendix 3.

The successful creation of a new community-based non-profit requires not just involvement from staff, but most importantly, requires that tenants themselves be engaged in the decision-making process. Tenant leadership, consultation and feedback will form an integral part of the implementation plan. Staff will identify opportunities to involve tenants in determining their inclusion within a potential transfer to a community based non-profit and ensure that tenants are meaningfully engaged to help ensure alignment between the need of tenants and the mandate of NewHome.

The Asset Review will be used to identify potential buildings for transfer to effect the successful creation of a new community-based non-profit. A new funding model will need to be identified to support the creation and to fund operations and capital costs associated with the delivery of social housing by this new community based non-profit. This model will need to reflect the real cost pressures associated with the provision of social housing and the need to ensure accountability and quality service to tenants.

The establishment of NewHome will need to include a transparent and meaningful accountability framework. Such a framework is necessary to ensure accountability to tenants, and to provide appropriate appeal and complaint mechanisms to support Torontonians living in social housing. An established framework for non-profit social housing providers exists within the *Housing Services Act* and could form the basis for the relationship with NewHome. Staff will assess whether this is an appropriate model, and whether additional oversight is needed in the first years of operations.

In respect of the overall Board structure, the Mayor's Task Force Report highlighted the value of an independent Board. Balanced and diverse boards help ground good governance. Ultimately, high-performing boards need to be the right size and composed of the right people with the right skills. Moreover, clarity in Board member expectations and responsibilities helps to foster improved performance, stewards, engagement, and ultimately better outcomes for tenants. At TCHC, an absence of such clarity has led, in some cases, to inconsistency in both the mandate and role of Board members. This is particularly true when City Councillors, who have a mandate to serve the interests of their local residents, are expected, as Board members, to act in the interests of TCHC.

A more detailed review of Board structures (including those set out in Appendix C of the Mayor's Task Force Report) will be required to inform the specific structure of the Board of NewHome. It is essential that the new board be comprised of people with the skills and expertise needed to exercise their fiduciary responsibilities and that people with lived experience in social housing bring an essential aspect of this expertise.

### **Transfers to Existing Non-Profit Housing Providers**

Applying both a tenant-focussed and systems lens to social housing in Toronto, staff recommend the transfer a portion of TCHC buildings to existing non-profit corporations. The Asset Review described above will be undertaken with a focus on opportunities to transfer ownership and/or management of up to 5000 additional units to current non-profit social housing providers.

Much like the transfer to NewHome, the successful transfer of approximately 5000 units from TCHC to existing non-profit corporations requires that staff assess the results of the Asset Review to assess who is best to manage aspects of the portfolio. These results will need to be evaluated through the lens of their fit for mandate, built form, geographic location, neighbourhood need, access to community based service providers and overall capacity to deliver improved quality of life to its tenants. These tools will ensure that all



properties are in appropriate condition to serve the needs of tenants and can provide for the long-term sustainability of the social housing providers to which they are transferred.

Importantly, a transfer of a portion of TCHC's existing portfolio via ownership or property management to existing non-profit corporations would help to address the disparity in size and scale between TCHC and the other 240 social housing providers operating in the City of Toronto. It would further allow existing providers to scale up many of their advantages, including their capacity to cater to a more localized and defined service need across a variety of unique communities.

Any buildings transferred as part of this process would continue to be accountable – through the existing non-profit – to the City, as Service Manager, under the *Housing Services Act*. The smaller scale also offers the opportunity for a stronger voice for tenants in respect of governance. For the social housing system, this should increase the resiliency and capacity of a more diverse range and scale of providers.

Existing and proven non-profit providers in Toronto represent an important component of the strategy to enhancing the social housing sector as a whole and facilitating the improved quality of life of Torontonians living in social housing.

Key factors to consider in order to ensure a tenant focussed, systems-based approach to asset transfer to existing non-profit corporations should include the following: (1) proximity to other non-profit buildings, (2) local tenant support needs, (3) alignment between tenant needs and mandate of non-profit social housing providers; and (4) the built form and condition of buildings.

### **Principles for Transfers**

The following principles will guide the assessment of appropriate buildings for transfer:

#### Maintaining affordability in transferred units

TCHC currently provides approximately two thirds of the social housing in the City of Toronto. Units that are transferred to non-profits will continue to offer affordability to households. Households should continue to receive an adequate depth of subsidy to permit an overall improvement in their quality of life.

#### Development of a strong accountability framework

The City must continue to have a strong relationship with its existing non-profit housing providers. In addition to the City's relationship to these corporations as Service Manager, it is important to consider, where appropriate, whether additional oversight is needed by the City as Service Manager, particularly in the first five years of operations, with clear reporting structures. *Raising the Bar* continues to be an important City initiative to help ensure robust measures of accountability continue to support the social housing sector.

### Ongoing financial viability

As noted above, an Asset Review must be complete before staff can make any recommendations regarding which buildings might be transferred to which providers. In addition, this assessment will need to look at what is necessary to bring identified properties (where applicable) into a state of good repair, such that they can be transferred to existing non-profit providers. Properties will only be transferred to non-profits that have capacity to absorb additional units within their portfolio, and then, only where the buildings are themselves of a condition that can be maintained by the non-profit in such a manner as to provide an improved quality of life to the tenants living there. Moreover, future funding formulas should include adequate resources to fund operations and capital costs for any such buildings. Consideration will also have to be given to any restrictions to transferring certain buildings due to mortgage or other covenants.

### Tenant centred transfers

Transfers should aim to improve the quality of life for current TCHC residents. Whenever possible, residents should be involved in the process of selecting which (if any) non-profit that the properties will be transferred to. Residents should be engaged to identify the needs of their community so that the City can take this into consideration when matching the property to a provider. Whenever possible, transfers should attempt to align the needs and desires of tenants with the missions of community-based organizations. When specific resident community needs have been identified, the non-profit housing provider should have a plan to serve the needs of that specific population.

### Engagement with the greater community

Transferee non-profits should be prepared to be good neighbours and to engage with the surrounding community. This will help to support the well-being of tenants and ensure the long-term sustainability of each non-profit. Communities should be engaged in the process of transfer, in order to help establish the most effective supports to improve the quality of life of residents.

## **Funding**

TCHC's funding model is currently the least expensive RGI delivery model. However, the cost of this model is felt in terms of effectiveness and quality of service to tenants. Unit costs may well be higher in units transferred to the non-profit sector, but increases in service efficiency and standards will likely be the result.

The existing funding model for many non-profit corporations or a new model may be used for the units transferred through this process. Any such model should be capable of supporting operations and capital costs associated with the delivery of social housing by each non-profit provider. With enhanced size within each non-profit may also come increases in certain economies of scale. This, in turn, may allow each provider to deliver certain of its lines of business more efficiently than a smaller operator can, thereby enhancing the overall quality of service for tenants. This reduction in expense pressures, coupled with the opportunity to scale out relationships with a more diverse range of stakeholders, will help to ensure the long-term financial sustainability of each transferee.

The recommendation to transfer units to existing non-profits may bring about increased proximity and clearer accountability, as compared to TCHC. Further, such a transfer has the potential to facilitate real culture change and better alignment between the organization's mandate and the tenants it serves.

## **TRANSFORMATIVE IDEA 2 - Create Mixed Income Communities**

The Mayor's Task Force recommendation to create mixed income communities is rooted in the opportunity for TCHC to move from its current ratio of rent geared-to-income tenants to market tenants (90%/10%) to a more balanced mix (70/30%) across the portfolio. Such a shift would improve not only the financial model of TCHC, but would also facilitate the creation of more integrated communities and reduce concentrations of poverty across the City as a whole.

Staff have reviewed this recommendation from a social as well as a financial perspective and concur with the Task Force. This transformative idea is important and feasible to pursue. Mixed-income housing, by building or neighborhood, strengthens social networks and builds economically diverse neighbourhoods. Both contribute to resident and neighbourhood resiliency and create healthier communities.

Creating mixed-income communities aligns with the Toronto Strong Neighbourhoods Strategy. In 2014, Council adopted 31 Neighbourhood Improvement Areas (NIAs) as neighbourhoods performing below measured benchmarks. The City strategy involves providing programming, services and amenities to strengthen these neighbourhoods. TCHC has one third of its portfolio in one of the NIAs – over 350 buildings. Over 45,000 residents live in one of the 31 areas including 9,600 children under the age of 12.

A socially and economically-diverse neighbourhood increases a person's likelihood of success – whether through exposure to more jobs and opportunities, improvements to health or better educational outcomes. Creating mixed-income communities in existing TCHC neighbourhoods can be a positive way to encourage a range of social outcomes and align with existing Council-approved strategies.

### **Community Revitalizations**

TCHC has been the key and central player in the City to revitalize neighbourhoods with concentrated poverty. There are currently six revitalizations underway right now including Regent Park, Lawrence Heights, Alexandra Park, Allenbury Gardens, Leslie Nymark and 250 Davenport.

The current redevelopment at Regent Park, is midway through a multi-year revitalization. When the Regent Park revitalization is complete, there will be 2,083 social housing units and approximately 5,400 market condominium units. As of February 2016, 1,098 units have been completed, and 47 percent of the original TCHC households have been relocated back to the new Regent Park and enjoy higher-quality housing and improved community facilities. Since the start of the project, more than 1,170 local jobs have been

created, 375 of which are specific to trades connected to the revitalization and new business in the community, and over 770 through other employment initiatives.

While the City continues to work with partners to invest in the above six TCHC communities, TCHC cannot self-fund renewals and re-builds of its infrastructure. Decisions to undertake revitalizations to date have been made based on the ability to generate market interest – primarily due to the absence of needed federal and provincial funding. City Planning advises that six additional TCHC communities have already been identified for future redevelopment – with work underway –however these are located in areas with significantly less market potential.

Revitalizations are crucial to transforming TCHC's communities. New revitalization opportunities exist across the City but will need Federal, Provincial and Municipal investment to succeed. Recent announcements from the Federal government suggest funding may be available for social infrastructure. Should this funding be provided, this report recommends that communities in Etobicoke/York and Scarborough be looked to for future revitalizations, as these communities are under-represented in the work to date.

The introduction of mixed-income communities formerly comprised of solely RGI tenancies has been done through the careful combination of land sales, land use planning, and housing programs with provincial and municipal approvals. It was started on an exception basis but more can be done throughout TCHC's portfolio. The Task Force suggested that the City request the province make the necessary legislative change to support income-mixing in public housing. The Province updated the Long Term Affordable Housing Strategy (LTAHS) in March 2016 and introduced the related legislative changes in the *Promoting Affordable Housing Act*, introduced in May, 2016.

Once passed by the legislature, the rules surrounding income-mixing in former public housing properties will be relaxed, allowing the City to move forward with more income-mixing in all TCHC buildings. This means that the City can reduce TCHC's target of 52,600 RGI subsidies to a lower level which will improve TCHC's revenues over time.

### **Impacts of a 70/30% Ratio**

At a 70/30% ratio, TCHC would have around 41,000 subsidized units and 17,000 market rent units. The number of physical units will remain unchanged but it will mean a reduction of about 11,000 RGI subsidies. Using TCHC's average turnover rate of 6%, analysis shows it could take about five years. This strategy will not see the displacement of any existing tenants. The recommended strategy will rely on natural tenant turnover. There are, importantly, additional issues to consider.

First, the City still has the responsibility to adhere to the Service Level Standard of 73,346 RGI units. This means that for every RGI subsidy displaced from TCHC, the City will need to provide that subsidy elsewhere in the system. Second, although some TCHC buildings may be well-located and desirable to market renters, not every building will be in the right location or in the right condition. One challenge is that there may be

additional capital repair costs to make buildings more marketable. It will be necessary to undertake a market analysis to assess which buildings are good candidates.

More market renters improves TCHC's financial position but does not solve the overall problem – it merely moves the financial challenge (related to RGI rent subsidies) over to the Service Manager. As staff design an implementation plan, it is crucial that costs and administrative implications (for both the City and TCHC) are identified and modelled.

### Social Assistance Rent Scales

The Task Force also recommended that the City request the Province to adjust social assistance scales. The Task Force suggested a ten-year phase-in would help to increase TCHC revenues gradually. The updated Provincial Long Term Affordable Housing Strategy makes no mention of changes to the social assistance rent scales and despite the City having repeatedly asked the Province to make this change in the past, there are no indications that the Province will address this issue in the short term.

Household type and assistance	Maximum Shelter Amount in private market	Social housing rent scale amount (*Includes legislated amount for electricity)	Difference
Single person (OW)	Up to \$376	\$115	\$261
Single person (ODSP)	Up to \$479	\$139	\$340
1 adult, 2 children (OW)	Up to \$662	\$242	\$420
1 adult, 2 children (ODSP)	Up to \$816	\$266	\$550

**Fig. 6: Provincial Housing Contributions – Private Market vs. Social Housing**

### Community Services

The last recommendation in this section relates to the need for the City and TCHC to undertake a review of community services. In the 2015 financial statements, TCHC identifies that it had spent \$9.4 M on Resident and Community Services and \$16.4 M on Community Safety. The Task Force had envisioned that the City would need to undertake a review of all services delivered to TCHC tenants, with a view to identifying which services the City, or one of its agencies, should fund or manage, and the best way to integrate these services with the greater community. The City must develop a strategy to increase TCHC resident access to City-delivered services so that the need for TCHC directly delivered community and recreation services is reduced. Council could also request the TCHC Board to undertake a concurrent review.

### Financial Limitations

The Task Force noted that they believed it was possible to solve TCHC's operating deficit through a combination of the four actions:

- Moving from 90/10% to 70/30% RGI/market rent ratio
- Reducing utility costs
- Addressing social assistance disparity (e.g. OW rent scale, utility scale, etc.); and
- Rationalizing community services

The analysis to date by City staff indicates that not all four of the Task Force ideas are likely to occur. This suggests that other alternatives are needed. It is recommended that the provincial government make changes to both the utility scales and to address social assistance disparities and help improve the quality of life of tenants. In the absence of these two key factors changing, the City may need to consider allowing TCHC to move to a 60/40% ratio, which will take at least 8 years to implement.

### **TRANSFORMATIVE IDEA 3 – Better Buildings and More of Them**

Access to safe, secure, affordable housing is a fundamental goal of several City strategies and frameworks including the 10-year Housing Opportunities Toronto Action Plan 2010-2020 (HOT), the Poverty Reduction Strategy and the Housing Stability Service Planning Framework. In April 2015, the Mayor announced that the City would redouble its efforts to meet its affordable housing targets through the creation of a new program called, "Open Door". The program has multiple aspects to it such as streamlined approvals, financial incentives and surplus land, among other items. The key purpose of the program is to engage with the private sector, non-profits and other stakeholders to create more rental housing in the City, as well as more affordable rental housing.

There are several synergies between Open Door and the recommendations made in the Mayor's Task Force Report, including that surplus government land be made available for affordable housing purposes. This aligns with Open Door which identified over 15 City or provincial government-owned sites which would be a good fit for affordable housing.

TCHC has an aging housing stock (average of 40 years) that is in need of increased capital investment. Significant investment is required over the next ten years, in order to ensure that the existing housing portfolio is adequately maintained (not including costs for planning and ongoing revitalizations).

The first step in enhancing the quality of buildings at TCHC is to undertake the Asset Review described above. This Review will identify what buildings are in need of repair, which are beyond repair, and which are thriving in their current form. Moreover, this review will examine the TCHC portfolio to identify those buildings that do not align with TCHC's mandate, service model or structure and determine whether the tenants are better served by a transfer of these buildings to community-based non-profits.

Currently, many TCHC buildings are leased to non-profit corporations, physically connected with buildings owned by other non-profits, or already managed through partnerships with non-profits. The strategic review will be used to help identify those buildings that could be effectively managed, or owned and managed, by other non-profit

organizations. Conversely the review may also identify buildings that should continue to be managed by TCHC. This review will also be used to identify opportunities to ensure that accessibility within buildings and units is built into the design and function of the entire social housing portfolio. Moreover, where appropriate, opportunities to align the design and function of buildings to meet a particular tenant mandate (e.g. seniors) will also be identified.

TCHC's Facilities Management division is responsible for maintaining and preserving TCHC buildings through the delivery of preventive maintenance programs, and repair and construction (capital) projects. This division has undertaken a number of initiatives to identify sites in need of repair and renovation. TCHC's budget for capital repairs has increased substantially in the past three years as a result of City Council's financial support. In response, TCHC has begun the process of assessing what buildings and communities should be the focus for major repairs. TCHC developed a comprehensive strategy called 'ReSet'. ReSet is a holistic and comprehensive approach that focuses on addressing major capital repairs and accessing support programs and services to transform and renew entire housing communities with significant input of residents at every stage. In 2015, ReSet began for 900 homes in three pilot communities: Jane/Firgrove, Lawrence-Orton and Queensway-Windemere.

It is essential that the City and TCHC work together as part of the Asset Review to leverage the existing work done by TCHC to help expedite the delivery of much needed repairs. It is crucial that tenants be engaged and involved in this process to ensure accessibility, transparency and accountability to the Torontonians who call TCHC home.

### **Improving Buildings and Reducing Energy Costs**

The Task Force also recommended that "the Province consider ways to help reduce TCHC's energy burden and that TCHC update its energy efficiency strategy to include portfolio-wide incentives or programs for tenants to conserve".

In February 2016, the Province announced \$92 million in new funding to retrofit social housing through the Green Investment Fund. Of that amount, TCHC's allocation from the Social Housing Apartment Retrofit Program (SHARP) is \$28 million. This funding will help to reduce TCHC's state-of-good-repair backlog as well as to reduce energy costs (thereby providing further savings in operating costs). These cost savings could then be re-invested in further enhancements to the state of TCHC's housing portfolio and to improve the energy conservation practices within TCHC.

The recent provincial announcement on the Cap and Trade program may also provide a source of additional funding for energy retrofits at TCHC. The details on this program are not yet known but staff will continue to monitor developments as they occur.

The Task Force had also suggested that the Province revise its legislation to allow TCHC to charge a higher portion of utility bills to tenants, which could then be recovered by

tenants through the Ontario Electricity Support Program. Staff report that the Long Term Affordable Housing Strategy has not updated provincial utility scales for RGI tenants.

The Mayor's Task Force Report calls for more development activity by rehabilitating and revitalizing current properties and contributing to development of new affordable housing to help meet future needs for the City's population. The City and TCHC should continue to seek support and investment for asset repair and new build. Such additional funding will help to ensure TCHC is better equipped to meet the needs of its tenants now and into the future.

As noted in the Mayor's Task Force Report, TCHC has developed some expertise in development, however this function is quite separate and apart from the expertise required to be an effective social housing provider. The two functions require unique skills and have very different outcomes. Maintaining a clear and formal separation between these functions is preferable, especially in light of the City's own efforts (through the City-wide Real Estate Strategy) to better co-ordinate its real estate holding entities. Should Council elect to consolidate its various development functions, the City may also wish to consider the inclusion of TCHC's development function within this larger strategy in the future.

#### **TRANSFORMATIVE IDEA 4 – Decentralize Operations/Strengthen Partnerships**

At the core of the Transformative Idea to decentralize operations and strengthen partnerships is the need to ensure that tenants receive quality service.

Opportunities to increase TCHC staff presence in communities and buildings will help to ensure greater accountability and responsiveness to tenants. Decentralization also has the potential to enhance decision-making authority for those staff who work more directly with tenants. Moreover, opportunities to increase tenant involvement and decision-making through Tenant Advisory Committees and Resident Advisory Group representatives may also further an approach grounded in decentralized operations. These goals of this Transformative Idea can be advanced by two central actions:

- (1) the Review and Implementation of a Decentralized Organizational Model within TCHC, and
- (2) the co-creation of a Lean Start-up Innovation Lab.

#### **Decentralization of Core TCHC functions**

As stated above, the status quo within TCHC is unsustainable. There must be real change within TCHC's units and buildings. This change must include new financial models, new organizational structures, and must identify new opportunities to meaningfully engage tenants to help shape the future of social housing in Toronto.

Structurally, staff with the City and TCHC will need to undertake a detailed review of TCHC's lines of business, along with an analysis of the services provided by the City and



other service providers within TCHC communities. These analyses will help to identify which services may be outside the scope of the mandate or capacity for TCHC to deliver, which services are better provided by community-based agencies, which services may be supported by the Local Health Integration Networks, and where the City may be able to enhance the services it provides to other residents of Toronto, and what other opportunities there may be to leverage existing resources to enhance the well-being of TCHC residents. As part of this review, the City will also examine the services provided by the Office of the Commissioner of Housing Equity to explore mandate changes that would offer wider and earlier service to any tenant at risk of eviction for rent arrears.

Where services are outside of the scope of TCHC's mandate, and where the City or other service providers are better equipped to deliver these services, these services may be transferred from TCHC's service portfolio, freeing up TCHC to deliver on its core mandate. The review will include the purpose, location, costs and staffing levels associated with each service area. TCHC should build on its efforts to improve customer service by identifying opportunities to increase the number and consistency of staff at the building and local community level. This approach will ensure more integration between Torontonians living in TCHC and those living in other communities throughout the City.

It will help to identify those tenant-facing services that require a significant customer service skill set, and ensure that these functions are more proximate and accountable to tenants. This review will help TCHC to:

- a) provide a client-focussed and community-responsive front office;
- b) empower staff and tenants within their neighbourhoods;
- c) facilitate an increased emphasis on operations; and
- d) enhance responsiveness to local needs.

Such an approach will give effect to significant operational changes in how social housing is delivered and will help to facilitate a culture change within TCHC buildings.

### **A Lean Start-Up and Social Housing Innovation Lab**

The social housing context is changing. The City of Toronto, as system steward must be poised to foster new and creative ways of delivering housing affordability programs to those who need them. The Social Housing Innovation Lab can be a hub for housing transformation in Toronto, leveraging the expertise of the City of Toronto and TCHC to better deliver services to a diverse group of residents. Along with this Innovation Lab, a framework should be created to ensure that all housing providers have the opportunity to benefit from the lessons learned by this work.

At its core, a lean start up focusses on developing services iteratively, incrementally and with flexibility to respond better to service-user feedback. It recognizes that service-user needs and the optimal service model cannot be developed using a top-down approach to decision making. This approach starts from the simple premise that customer service

cannot be improved without involving the customers in the design, development and delivery of the service.

According to Lean Start-up thinking, based in large part on the work of Eric Ries, a Lean Start-up is designed to remove obstacles to innovation and to both validate and challenge assumptions around value and service provision. A Lean Start-up works closely with service-users, stakeholders, and management to ensure continuous improvement and consistent alignment of the larger vision with the strategy to achieve it. Lean Start-up is an approach – not a one-time solution – that brings value through continuous iterative development and encouraging staff (and the overall business) to focus on what service users value the most.

In this case, tenants are central in the conception, testing and scaling out of successful new ideas. Instead of making complex plans that are based on a lot of assumptions, lean management follows a more nimble and responsive approach, one that is able to make constant adjustments in response to tenant needs and ideas, while concurrently dismissing failed ideas more quickly. Successes can be readily and quickly scaled up on this model, allowing for the rapid adoption of value-driven practices and the elimination of those that do not provide value.

Lean and agile frameworks achieve their improved outcomes through the use of four main principles: (1) Validated Learning; (2) Build-Measure-Learn; (3) Iterative Delivery; and (4) Innovation Accounting.

Staff are recommending that the City, along with TCHC, work to develop a lean start-up framework. This model will serve as an "Innovation Lab" for both the City and TCHC, providing opportunities for fast innovation, quickly dismissing failed ideas, and scaling out successes based on clear performance measures and validation by tenants.

As tenants are best positioned to determine what aspects of social housing provide the greatest value, tenants are the primary decision-maker in this model.

### **TRANSFORMATIVE IDEA 5 – Reform the RGI System**

The Mayor's Task Force Report recommended that the Provincial government be requested to prioritize legislative changes to simplify the rent geared to income system (RGI) to:

- a) verify incomes no more than once a year, unless the tenant experiences a major loss of income;
- b) base subsidy calculations on income tax returns; and
- c) permit rent geared to income subsidies now tied to the landlord to be converted into portable housing benefits.

The Task Force also recommended that the City, as Service Manager, consider assuming the calculation of RGI qualified subsidy levels as part of its one-window initiative for those seeking subsidized housing, childcare subsidies, and Ontario Works.

Council has also previously recognized these challenges, and has requested that the Provincial government modernize affordability assistance by eliminating Service Level Standards based on rent-geared-to-income (RGI), simplifying RGI rules and providing greater flexibility to use a range of affordability options to meet local needs.

### **Simplified RGI Calculations**

The current legislative and regulatory framework for delivery of RGI subsidies is a complex and resource intensive system to administer and deliver. The system is focussed on compliance with overly prescriptive program rules, rather than on achieving better outcomes for households and the housing system as a whole. It also requires that tenants provide significant levels of personal information, much of which would not be required under a simplified model.

Currently, RGI rent is calculated in accordance with Regulation 298 of the *Housing Services Act*. Significant changes to provincial legislation would be required to simplify RGI calculations.

Under the current system, housing providers such as TCHC are required to comply with a detailed annual review and validation of tenants' incomes, as well as intra-year adjustments as tenants' incomes change. The complexity of the RGI calculation is time consuming for staff and can be confusing for tenants. If tenants do not correctly complete and return the forms and required documentation, it can result in rent increases, which may lead to arrears and applications to the Landlord and Tenant Board.

The Provincial Long Term Affordable Housing Strategy (LTAHS) Update released this year includes a commitment to:

- Harmonize the definition of income so it is consistent with other income-tested programs
- Move to a system where tenants would have to declare income only once a year, and they would no longer risk losing their rent-geared-to-income (RGI) assistance if the records they submitted were incomplete. If a tenant's income decreases significantly over the year, they could ask for a recalculation of their rent. If a tenant's income increases, they would still be required to report this change.
- Minimize the impact of these changes on existing RGI tenants by gradually phasing existing tenants into the new, simplified income calculation.

The City fully supports changes to provincial regulations to simplify RGI calculations and will continue to engage with the Province and participate in consultation processes and technical advisory tables as they move forward on implementation of the LTAHS commitments.

As the Task Force and the LTAHS Update both identify, any new system for calculating RGI must include a mechanism for adjusting rent where there is a significant, mid-year decrease in income. A new system would also have to determine how to handle situations where income increases over the year. Allowing households to retain additional earnings reinforces incentives to work and could be captured the following year. This approach may have increased costs for housing providers or Service Managers, which would have to be assessed further and balanced with the increased efficiency and cost savings realized by a simplified calculation system.

### **Portable Housing Benefits**

Because RGI assistance is generally tied to the physical housing unit, if a tenant wants to move to be closer to work, attend school or for any other reason, they are either required to wait for an available social housing unit elsewhere, or give up their RGI subsidy. This system is not responsive to tenants' needs to adapt to changing life circumstances, and also requires TCHC and other housing providers to maintain a lengthy and cumbersome internal transfer list system.

A portable housing benefit is linked to the tenant household, not the unit, and can follow them to improve the affordability of any housing unit they choose (within program eligibility rules). From a policy perspective, the portable housing benefit provides greater choice to tenants, and puts the onus on social housing landlords to maintain a positive landlord-tenant relationship. It also aligns well with the City's new choice-based model for social housing access, to be rolled out in 2017, whereby affordable housing providers will in effect be "marketing" their units to tenants.

The City currently has allocated more than 3,700 housing allowances, largely funded through the federal/provincial Investment in Affordable Housing program. Such allowances provide a fixed monthly amount to help offset the rent. Clients' incomes are verified annually using their income tax file, but the allowance is not indexed directly to income. Council has previously requested that the Province provide sustainable, increased funding for housing allowances and other flexible housing subsidies, and the City's 10 year Affordable Housing Action Plan calls for the creation of housing benefits to assist 70,000 households. The City supports the Task Force recommendation to consider developing more portable housing benefits.

The City is also currently required by provincial legislation to maintain a Service Level Standard based on the number of RGI units at the time of the social housing download. The Province, through the LTAHS Update also committed to introduce legislation that would allow Service Managers to use other forms of appropriate, municipally-funded housing assistance to contribute to their Service Level Standards. The Province has yet to define what criteria for "appropriate" housing assistance would be. Creation of a portable housing benefit to replace RGI would not be possible until after this legislative reform is enacted.

## **Centralized Calculation of Annual RGI Eligibility**

The City's Human Services Integration Project (HSI) is a partnership among three City Divisions: Toronto Employment and Social Services, Shelter, Support and Housing Administration, and Children's Services. The project will improve the client experience with the delivery of core City income support programs: Ontario Works, Housing Benefits, and Child Care Fee Subsidies, by integrating service delivery of information, application, and eligibility determination across new, integrated channels: online, phone, and in person. This work is taking place over the next three years.

Once the required changes are made to the calculation of RGI subsidy, the City will be in a position to take on direct administration of the current RGI eligibility calculation system. An initial step in this process would be to develop systems for initial eligibility testing through the Human Services Integration Project, as described above. When the Province implements their commitment to change regulations to simplify the rules for RGI calculation, the City will review options for undertaking RGI eligibility and ongoing benefit maintenance functions. The HSI project is currently developing an integrated access and intake function, which could potentially take on this work.

Staff will continue to engage with the Province and participate in engagement processes and technical advisory tables as they move forward on implementation of the Long-Term Affordable Housing Strategy commitments.

## **CONCLUSION**

TCHC has experienced significant change since its creation. The Mayor's Task Force took an important first step in helping to shape the path forward for a transformation to not only TCHC, but the social housing sector as a whole. The five transformative ideas identified by the Mayor's Task Force have been considered, reviewed and assessed by staff, through the lens of broad consultations with tenants and other important stakeholders. Based on this review staff are recommending that Council support the five transformative ideas (with modifications), as set out in this report.

This report sets out a larger strategic vision aimed primarily at enhancing TCHC's capacity to serve the 110,000 Torontonians who call TCHC home. It also identifies opportunities for new service delivery models that will help improve the financial sustainability of TCHC. If implemented, the recommendations in this report will also help to enhance the capacity of the social housing sector and facilitate the development of new and innovative ways to deliver sustainable, supportive and tenant focussed social housing in Toronto. This report is the next step in building a stronger, more resilient and sustainable social housing system for Toronto.

The next phase of work will be to commence the implementation planning of the directions set out in this report. As detailed in this report, staff will be reporting back to City Council in Q1, 2017, with a clear plan detailing how each of the directions and recommendations will be implemented.

The challenges at TCHC were created over a long time and real change will not happen overnight. However, this report and the recommendations it puts forward provide an opportunity to re-think the way that social housing is delivered and sets a course to improve the quality of life of the Torontonians who call TCHC home.

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## **SIGNATURE**

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## **ATTACHMENTS**

- Appendix 1: Transformative Change for TCHC – A Report from the Mayor's Task Force on Community Housing
- Appendix 2: Summary of Public Consultations – City's Task Force Review Team
- Appendix 3: CUPE Local 79's response to Transformative Change for Toronto Community Housing
- Appendix 4: Issues, Corresponding Actions and Outcome Dependencies