



## REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

# Implementing Tenants First: A New Seniors Housing Corporation and Proposed Changes to Toronto Community Housing's Governance

**Date:** June 21, 2019

**To:** Executive Committee

**From:** City Manager and Deputy City Manager, Community and Social Services

**Wards:** All

### REASON FOR CONFIDENTIAL INFORMATION

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This report involves the security of property belonging to the City or one of its agencies or corporations.

### SUMMARY

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Tenants First is implementing a plan in which Toronto Community Housing Corporation focuses on being a social housing landlord, where buildings are in a good state of repair, and tenants are connected to appropriate services. As part of the Tenants First Phase One Implementation Plan, Council tasked Tenants First to review governance, mandate and accountability for Toronto Community Housing Corporation's key business areas. This report recommends changes to the governance of Toronto Community Housing Corporation's business areas to increase its collaboration with the City, while also increasing City oversight of its activities, mitigating legal and financial risk, containing costs, and minimizing disruption to tenants.

Specifically, this report recommends City Council approve in principle the creation of a new, City-owned seniors housing corporation whose mandate is to operate 14,000 units in 83 seniors-designated Toronto Community Housing Corporation buildings. This recommendation is subject to the results of a due diligence process. It also recommends that the City and Toronto Community Housing Corporation in partnership with the Toronto Central Local Health Integration Network begin implementation in 2020 of the co-developed integrated service model in 10 seniors-designated buildings to improve services to senior tenants.

Toronto Community Housing Corporation will remain a City corporation whose mandate is to operate the 43,000 units in mixed and family buildings. This report provides an overview of the work to clarify the Corporation's core mandate, including six focus areas identified as joint responsibilities of the City and Toronto Community Housing

Corporation. This work will be finalized in 2020 and inform the update of the Shareholder Direction.

As part of the work to redefine Toronto Community Housing Corporation's core mandate, this report recommends that City Council approve in principle the transfer of Toronto Community Housing Corporation's real estate development functions to CreateTO and/or the City in alignment with the City-wide real estate model. This recommendation is subject to the results of a due diligence process.

As a critical step in a new accountability framework, the report recommends City Council approve the creation of a City Housing Corporation relationship unit to better coordinate the City's relationship with Toronto Community Housing Corporation and the future seniors housing corporation. This City-staffed relationship unit will provide strategic oversight of the corporations, support the Seniors Services and Long-Term Care division to provide oversight for the delivery of the integrated service model in seniors housing and support Shelter, Support and Housing Administration to enhance their Service Manager's role under the *Housing Services Act*.

The transformation of Toronto Community Housing Corporation is a long-term process. This report recommends critical steps in transforming the governance, legal structure, mandate, and accountability framework for both seniors housing and the mixed and family portfolios. The recommendations in this report focus Toronto Community Housing Corporation on its core mandate of delivering services to tenants in mixed and family buildings, through creating a separate seniors housing corporation, and consolidating revitalization expertise in CreateTO. Work also continues on the process to transfer the scattered housing portfolio to not-for-profit providers.

## **RECOMMENDATIONS**

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The City Manager and Deputy City Manager, Community and Social Services, recommend:

### **Creation of New Seniors Housing Corporation**

1. City Council approve in principle the establishment under s. 148 of the City of Toronto Act of a wholly-owned City services corporation to manage and operate Toronto Community Housing Corporation's 83 seniors-designated buildings, as listed in Attachment 1, and direct the Deputy City Manager, Community and Social Services, to complete a due diligence process to ensure an appropriate understanding of the legal, financial and labour implications and report back with the results of the due diligence process in the first part of 2020.

### **Implementation of the Integrated Service Model**

2. City Council as sole shareholder direct the Toronto Community Housing Corporation Board of Directors to direct the President and Chief Executive Officer of Toronto Community Housing Corporation to implement the integrated service model for seniors as described in Attachment 5, beginning with 10 sites selected from the 83 designated seniors-designated buildings in 2020 in partnership with the City and the Toronto

Central Local Health Integration Network until such time as the new City services corporation (referenced in Recommendation 1) is established.

3. City Council direct the Deputy City Manager, Community and Social Services, to oversee the implementation of the integrated service model for seniors beginning with 10 sites selected from the 83 designated seniors buildings in 2020 in partnership with Toronto Community Housing Corporation and the Toronto Central Local Health Integration Network and submit a business case as part of the 2020 budget for any additional resources and funding required.

4. City Council direct the General Manager, Seniors Services and Long-Term Care division, to develop and report to City Council in 2020 on a new accountability framework and a corresponding implementation plan for the integrated service model.

### **Creation of a City Housing Corporation Relationship Unit**

5. City Council direct the Deputy City Manager, Community and Social Services, to design and implement a new accountability framework including the creation of a City Housing Corporation relationship unit reporting to the Deputy City Manager, Community and Social Services, that coordinates the City's relationship with Toronto Community Housing Corporation and the proposed seniors housing corporation.

### **Transition of Toronto Community Housing Corporation's Development Functions to CreateTO**

6. City Council approve in principle the transfer of Toronto Community Housing Corporation's real estate development functions to CreateTO and/or the City in alignment with the City-wide real estate model, including infill housing opportunities, the functions related to treatment of property and property related transactions and direct the Deputy City Manager, Corporate Services, in consultation with the Chief Executive Officer of CreateTO and the Chief Executive Officer and President of Toronto Community Housing Corporation to complete a due diligence process to ensure an appropriate understanding of the legal, financial and labour implications of the transfer and report back by the end of 2019 with a transfer plan including governance.

7. City Council direct that all proposals relating to future revitalizations and redevelopment opportunities of Toronto Community Housing assets, including any demolition and reconstruction of multiple buildings and infill opportunities, be directed to the Executive Director, Housing Secretariat, for review and recommendation working, in consultation with CreateTO and City Planning prior to being recommended to City Council for approval.

8. City Council, as sole shareholder, direct the Toronto Community Housing Corporation Board of Directors to direct the President and Chief Executive Officer of Toronto Community Housing Corporation to co-ordinate through the Executive Director, Housing Secretariat, who will work in consultation with the Deputy City Manager, Community and Social Services, CreateTO and the Chief Planner and Executive Director, City Planning, to identify opportunities for new affordable rental housing units on Toronto Community Housing Corporation lands through a program of infill construction.

9. City Council direct the Executive Director, Housing Secretariat, in consultation with City Planning and CreateTO, to review potential infill projects on Toronto Community Housing Corporation lands on an accelerate basis through the Housing Now approval process.

### **Continue to Transfer Uninhabitable Houses to Non-profit Organizations**

10. City Council direct the City Manager to expedite the transfers of Toronto Community Housing Corporation Uninhabitable Houses by adding the houses listed in Confidential Attachment 1 to the list of Uninhabitable Houses approved by Council in 2018.EX34.3.

11. City Council direct that Confidential Attachment 1 to this report from the City Manager and Deputy City Manager, Community and Social Services remain confidential in its entirety as it pertains to the security of the property of the municipality or one of its agencies or corporations.

## **FINANCIAL IMPACT**

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The recommendations in this report have no financial impacts for both the City and Toronto Community Housing Corporation in 2019. It is anticipated there may be financial impacts in 2020 and beyond as the City takes on a larger system service manager role with seniors services and adequately supporting the delivery of an integrated service model for seniors, however there will be a strong focus on re-purposing and leveraging existing resources. Potential financial impacts are outlined below and future year impacts will be included for consideration in the City's annual budget process.

### **2019 - Due Diligence Processes**

This reports recommends creating a new City corporation and completing a due diligence process including an external risk assessment to assess the legal, financial and labour implications of proceeding with this recommendation. This can be completed using existing resources.

This report also recommends completing a due diligence process related to the transfer of Toronto Community Housing Corporation's real estate development functions, including the financial and employee relations specific impacts. This will be completed using existing resources.

### **2020 and Beyond Financial Impacts**

#### **Enhanced Service Manager Oversight**

This report recommends that the City strategically enhance its existing powers under the Housing Services Act to oversee key parts of the delivery of social housing at Toronto Community Housing Corporation and the recommended new seniors housing corporation. In order to effectively do this, Shelter, Support and Housing Administration will need to narrow its focus to these key legislated duties, enhance oversight in these areas, and increase its current staffing resources dedicated to overseeing both City

housing corporations (Toronto Community Housing Corporation and the proposed seniors housing corporation).

Additional staff may be required to achieve the increased level of oversight. A business case will be completed and presented through the 2020 budget process.

### **Integrated Service Model Implementation and Oversight**

Attachment 5 outlines the proposed integrated service model. The proposed year one roll out across 10 buildings is estimated to cost \$1.78M. As part of the budget approval process in 2020, staff will present a business case that takes into consideration use of existing resources. An evaluation of phase one will focus on tenant outcomes as well as cost savings expected in certain areas such as external contractors and legal services. These savings are expected as a result of the preventive work that will take place with more staff on site to identify problems early on.

A staged implementation plan will have cost implications that will be brought forward once a permanent funding model has been considered and approved by Council. Until that time, the gap between baseline core funding for operating Toronto Community Housing Corporation's seniors housing and funding for the integrated service model cannot be determined. It should be noted, however, that the projected cost of implementing the integrated service model across the 83 seniors-designed buildings is an increase of approximately \$5M - \$6M as compared to the current budget before recognizing the anticipated cost-savings. As noted above the cost-savings realized through this model will be monitored through the phased roll out.

The new Seniors Services and Long-Term Care division will oversee the implementation and ongoing operation of the integrated service model, requiring the development and implementation of an accountability framework including evaluation of the integrated service model. Additional staff resources in Seniors Services and Long-Term Care will be required to support this enhanced oversight role. The division will be assessing its current resources and services to identify opportunities to leverage existing resources to support the oversight of the integrated service model. Any additional resources required will be identified through the 2020 budget process.

### **Budget Oversight of Seniors Housing Corporation**

It is anticipated that once the proposed seniors housing corporation is operational, its annual operating budget will be approved by Council through the annual budget approval process to increase accountability. Additional City staff resources may be required to prepare and submit budgets for the seniors housing corporation. This will be assessed in the budget year in which it is required.

### **City Housing Corporation Relationship Unit**

This report recommends the creation of a City Housing Corporation relationship unit. This unit will be created with existing resources and report directly to the Deputy City Manager, Community and Social Services.

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

## **Anticipated Toronto Community Housing Corporation Impacts**

Within 2019, Toronto Community Housing Corporation will support the due diligence process using existing resources, including allocations for external legal services, and a dedicated project manager.

In order to facilitate the creation of a new seniors housing corporation, the implementation of the integrated service model, and the transition of development functions to CreateTO, it is expected that net new temporary resources will be required within Toronto Community Housing Corporation. In order to achieve an effective transition, it is expected that a Toronto Community Housing Corporation project team of three will be required, along with additional resources allocated to perform necessary legal and financial due diligence on behalf of the Corporation. The business case for these resources will be included in City of Toronto's 2020 budget approval process, and will take into consideration existing resources.

## **EQUITY IMPACT**

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Toronto Community Housing Corporation is home to many of the most vulnerable and marginalized people in the City. Toronto Community Housing Corporation tenants face a variety of complex and intersecting challenges, including racialized and gender-based poverty, physical and mental health issues, structural and systemic discrimination, social exclusion and unequal access to resources and opportunities. An adequately funded social housing system with an improved service delivery model is critical to the City's efforts to address poverty and will provide a foundation for improving social and economic outcomes for tenants of Toronto Community Housing Corporation as well as provide opportunities for tenants who have historically been marginalized to play more active and engaged roles in community and City building. This report outlines strategic directions and actions to improve the quality of housing as well as the quality of life for social housing tenants living in Toronto Community Housing Corporation. This report is closely aligned with other key City strategic initiatives designed to strengthen communities in Toronto, including: Housing Opportunities Toronto, Toronto Seniors Strategy 2.0, TO Prosperity: Toronto Poverty Reduction Strategy, Toronto Youth Equity Strategy, Toronto Strong Neighbourhoods Strategy 2020, the Toronto Newcomer Strategy and the Toronto Action Plan to Confront Anti-Black Racism.

## **DECISION HISTORY**

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On January 28, 2016, the Mayor's Task Force on Toronto Community Housing 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 to report to Executive Committee recommending an overall approach and guiding principles for how best to move forward with the transformation of Toronto Community Housing Corporation.

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

On July 12, 2016, City Council adopted Tenants First: A Way Forward for Toronto Community Housing and Social Housing in Toronto and directed staff to develop an implementation plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.11>

On May 24, 2017, City Council adopted the City-Wide Real Estate Transformation that included the creation of a new City realty agency, now known as CreateTO, to manage the City's real estate portfolio and develop City lands for municipal purposes.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.9>

On July 4, 2017, City Council adopted Tenants First Phase One Implementation Plan and directed staff to return to further develop the governance and service model of the Seniors Housing and Services Entity, report back on further financial analysis and the results of an REOI for the scattered portfolio.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.2>

On January 31, 2018, City Council adopted Implementing Tenants First – TCHC Scattered Portfolio Plan and an Interim Selection Process for Tenant Directors on the TCHC Board.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX30.2>

On May 22, 2018, City Council adopted Implementing Tenants First - Creating a Seniors Housing Unit at Toronto Community Housing Corporation and Transitioning Towards a Seniors Housing and Services Entity at the City.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX34.3>

On April 16, 2019, City Council adopted Accelerating the City's Tenants First Project which included a proposed timeframe of recommendations coming forward in 2019 including a recommendations on governance, accountability and mandate for Toronto Community Housing's key business areas.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX4.3>

## **COMMENTS**

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### **1. Introduction**

The overall focus of Tenants First is to implement a plan in which Toronto Community Housing Corporation focuses on being a social housing landlord, where buildings are in a good state of repair, and tenants are connected to appropriate services and active participants in their communities. Toronto Community Housing Corporation was created by the City of Toronto on January 1, 2002, with the amalgamation of the provincial and municipal housing corporations. It was established as a sole shareholder corporation and funded through a block subsidy. This legal structure and funding model were selected to allow the corporation to operate at arm's length from the City.

Because of the challenges faced by Toronto Community Housing Corporation over the last decade, the City has become increasingly involved in the management and

operations of its local housing corporation. Increased City involvement has taken many forms, including: providing additional direction to Toronto Community Housing Corporation through Council decisions and strategies, contributing financially to capital repairs and revitalization projects, increasing the operational subsidy to Toronto Community Housing, and integrating the Toronto Community Housing Corporation budget process with the City's budget process.

Through the Tenants First project, City and Toronto Community Housing Corporation staff have collaborated closely to improve operations by introducing supports to rooming houses, developing the integrated service model for seniors housing, and designing and evaluating three pilots to better understand Toronto Community Housing Corporation's core mandate.

Through a series of reports since 2016, Council has directed Tenants First to:

- Review governance, mandate and accountability for the mixed and family housing portfolio,
- Review governance, mandate and accountability for the seniors housing portfolio,
- Transfer the scattered portfolio to not-for-profit providers, and
- Develop a new accountability framework for Toronto Community Housing Corporation's Development division to ensure that revitalizations meet City-building objectives.

Each of these tasks aims to improve services to tenants living in Toronto Community Housing Corporation. Work to date has started to address the top issues identified by tenants through changes to service delivery models. For example, in developing an interim funding model, the City has provided sufficient funding for Toronto Community Housing Corporation to successfully carry out building maintenance responsibilities. In designing and implementing a decentralization pilot, Toronto Community Housing Corporation has tested changes to staffing models which increase front-line staffing levels. Lessons from this pilot have informed the integrated service model which also proposes to increase front-line staffing levels, and includes a communication protocol aiming to achieve more responsive and meaningful relationships between building staff and tenants.

Building on this work to improve services for tenants, changes to Toronto Community Housing Corporation's governance must continue to increase its collaboration with the City, while also improving City oversight, mitigating legal and financial risk, containing costs, and minimizing disruption to tenants.

By creating a new and separate seniors housing corporation, integrating Toronto Community Housing Corporation's development function into CreateTO as part of the broader city-wide real estate model, and continuing work to transfer the scattered house portfolio to non-profit organizations, the City will continue to support Toronto Community Housing Corporation's core mandate of delivering high quality services to tenants living in the mixed and family portfolio.

**Figure 1: Toronto Community Housing Corporation key business areas and current direction**



**2. Current Toronto Community Housing Corporation Governance Structure**

Toronto Community Housing Corporation is the City's local housing corporation. Its full governance structure has many components, including its legal structure (with the City as sole shareholder), mandate, funding formula, board composition and appointments, tenant participation in decision-making, and accountability framework.

Staff have identified a range of possible changes to these governance components to achieve the desired level of oversight and involvement with Toronto Community Housing Corporation's different business areas. However, the City must consider how these changes will impact service to tenants, while also contemplating legal and labour implications, the City's risk tolerance, and the overall implementation costs.

This report is specifically focused on the legal structures for Toronto Community Housing Corporation's seniors and mixed-family portfolios, the City's accountability framework (which includes accountability tools such as the Shareholder Direction and Operating Agreement), and Toronto Community Housing Corporation's mandate. A summary of these components in their current state is provided in Attachment 2.

Completed and ongoing Tenants First initiatives have provided evidence to inform the recommended changes in this report to legal structure, accountability framework, and mandate. Please see Attachment 3 for an overview of the Tenants First work completed to date and Attachment 4 for a review of legal structure options.

### **3. Seniors Portfolio: Proposed Governance Changes**

In June 2017, City Council directed staff to report back on a recommended governance structure for a new Seniors Housing and Service Entity separate from Toronto Community Housing Corporation and more directly accountable to City Council. Further, in May 2018, City Council directed Toronto Community Housing Corporation to create an Interim Seniors Housing Unit directly accountable to the corporation's President and CEO, as well as for City staff, Toronto Community Housing Corporation, and the Toronto Central Local Health Integration Network to design an integrated service model for tenants in seniors-mandated buildings at Toronto Community Housing Corporation to promote ageing in place and better quality of life for seniors.

Since then, the following work has been completed:

- Developing the integrated service model, to be implemented in phases starting in 2020,
- Setting up an interim Seniors Transition office to conduct a review of seniors services to identify opportunities for integration,
- Establishing a Seniors Services and Long-Term Care division at the City to coordinate services for seniors, and
- Completing a legal structure options review of Toronto Community Housing Corporation.

In order to better integrate Toronto Community Housing Corporation's seniors portfolio with City services for seniors and enhance the Seniors Services and Long-Term Care division's oversight of that portfolio, staff recommend the following changes to the Interim Seniors Housing Unit's legal structure, accountability structure and mandate.

#### **a) Legal Structure: A New City Corporation for Seniors Housing**

Any future legal structure for the 83 buildings in the seniors housing portfolio must balance increased autonomy from Toronto Community Housing Corporation and improved oversight by the City, while also mitigating risk. Staff reviewed four different legal structures for the seniors housing portfolio:

- 1) A City division to operate the portfolio,
- 2) Toronto Community Housing Corporation continuing to operate the portfolio,
- 3) Creating a subsidiary to Toronto Community Housing Corporation to operate the portfolio, and
- 4) Creating a separate, City-owned corporation to operate the portfolio.

The results of the review are contained in Attachment 4. Based on the review, staff recommend in principle the creation of a new, City-owned seniors housing corporation whose mandate is to operate the 83 seniors-designated buildings outlined in Attachment 1 and to deliver the integrated service model.

The proposed seniors housing corporation would be led by its own Chief Executive Officer and report to its own Board of Directors which would be accountable to City Council as sole shareholder. Consideration will be given to including senior City staff on an interim Board.

A full due diligence exercise to examine the risks associated with the creation of this new City corporation using existing resources is recommended in this report. This will include a review of any impacts to Toronto Community Housing Corporation, including current debt agreements and any further risks to the City that may arise. The results of the due diligence process will be reported back to Council. Any substantive concerns will be presented to Council for consideration at that time.

Staff recognize the service and commitment of Toronto Community Housing Corporation staff in providing housing services to tenants, including seniors. The principles guiding any organizational change must recognize the rights of all employees, including applicable successor rights. Staff recognize the value of ensuring continuity of staff associated with the seniors portfolio and Toronto Community Housing Corporation.

Staff have regularly engaged labour partners and Toronto Community Housing Corporation labour relations staff regarding proposed changes. Labour relations staff of the City will continue to engage with union leadership, along with Toronto Community Housing Corporation labour relations staff, to discuss employment issues that will arise, including: pension impact, collective agreements, any considerations pursuant to the *Employment Standards Act* and other relevant labour and employment laws.

Additionally, as part of the report back, staff will bring forward a plan to have a transitional corporate structure in place starting in 2020 and a fully operational new corporation by 2022.

Based on preliminary work, it is envisioned that Toronto Community Housing Corporation would retain ownership of the 83 seniors-designated buildings, as well as the responsibility for developing and delivering its capital repair program. Additionally, Toronto Community Housing Corporation would continue to hold mortgages and debt on the portfolio. A leasing arrangement between the seniors housing corporation and Toronto Community Housing Corporation would cover these costs. This arrangement mitigates the risks and costs to the City which would arise from any transfer of property from Toronto Community Housing Corporation while also ensuring that current funding arrangements for capital improvements from other levels of government are not put at risk.

Based on this preliminary work, it is suggested that initially, Toronto Community Housing Corporation could support the seniors housing corporation's back office functions through a shared service agreement. Toronto Community Housing Corporation's current staffing complement associated with the Interim Seniors Housing Unit would be eventually transferred to the new seniors housing corporation once the integrated service model is substantially implemented.

Tenants living in seniors-mandated buildings have emphasized the importance of creating opportunities for tenants to have input into decision-making about seniors' housing. Both Tenants First and the City's Seniors Strategy have worked with active and effective resident advisory groups who have contributed significantly to the work to date. As part of the implementation plan, it is envisaged that a Senior Tenants' Advisory Group be established to provide guidance on the implementation of the integrated

service model, tenant engagement, and tenant representation in the seniors housing corporation. This Advisory Group would be comprised of tenants living within the 83 seniors-designated buildings and administered by the City's Senior Services and Long-Term Care division.

**Figure 2: Proposed timeline for the creation of a seniors housing corporation**

	2019	2020	2021	2022 and beyond
	Current State	Transition		End State
Legal Structure	Interim Seniors Housing Unit is an operational unit of TCHC	Interim Seniors Housing Unit is an operational unit of TCHC and new City seniors housing corporation is established	Seniors housing corporation and TCHC continue to operate seniors housing through a service agreement with seniors housing corporation	Transition complete – seniors housing corporation is a City corporation operating the seniors portfolio
Board composition	Interim Seniors Housing Unit governed by TCHC Board of Directors  Existing City-led Seniors Housing Advisory Group oversees implementation of the integrated service model	Interim Board of Directors appointed for seniors housing corporation  Creation of a Seniors Tenant Advisory Group to provide advice on the implementation of integrated service model	Seniors Tenant Advisory Group to provide advice on the best way for tenants to be engaged in the seniors housing corporation	Seniors housing corporation Board of Directors is appointed

**b) New Accountability Measures for the Seniors Housing Corporation**

To enhance the City's oversight of the seniors housing portfolio and coordinate its operations with other seniors services, it is envisioned that the new Seniors Services and Long-Term Care division would oversee the implementation and ongoing

operations of the integrated service model in these buildings. In doing so, staff will develop and implement an accountability framework for the operational responsibilities associated with the delivery of the integrated service model. This framework will include a service agreement with the new seniors housing corporation outlining service types and levels, processes to coordinate with City services, City expectations, and reporting relationships.

The Seniors Services and Long-Term Care division will report back in 2020 with details of the full scope of the accountability framework for the implementation and ongoing operation of the integrated service model, including its evaluation. In May 2018, Council directed that Seniors Services and Long-Term Care division review seniors' services delivered by the City. This review will include considering the future location of the Office of the Commissioner of Housing Equity, which reviews all arrears-related files that include seniors and vulnerable persons. Currently, the Office of the Commissioner of Housing Equity resides with Toronto Community Housing Corporation.

The creation of the seniors housing corporation will be informed by the due diligence process being undertaken by staff. Direct Council approval of the new corporation's budget, and its implications, will be considered through the due diligence process. Direct Council approval would provide City Council a formal method for providing input into the Senior Housing Corporation's budget. As a transitional step, Toronto Community Housing Corporation's Interim Seniors Housing Unit will work hand-in-hand with the City to develop a plan for the City to more directly oversee its operating budget including reporting on revenues and expenditures until the new corporation is operational.

The new seniors housing corporation would continue to be a social housing provider and Shelter, Support and Housing Administration would retain its Service Manager responsibilities vis-à-vis the new corporation. This includes flowing the rent-geared-to-income housing subsidy as per the *Housing Services Act* to the housing provider and managing other Service Manager related issues such as vacancy management, service levels, and loss of eligibility.

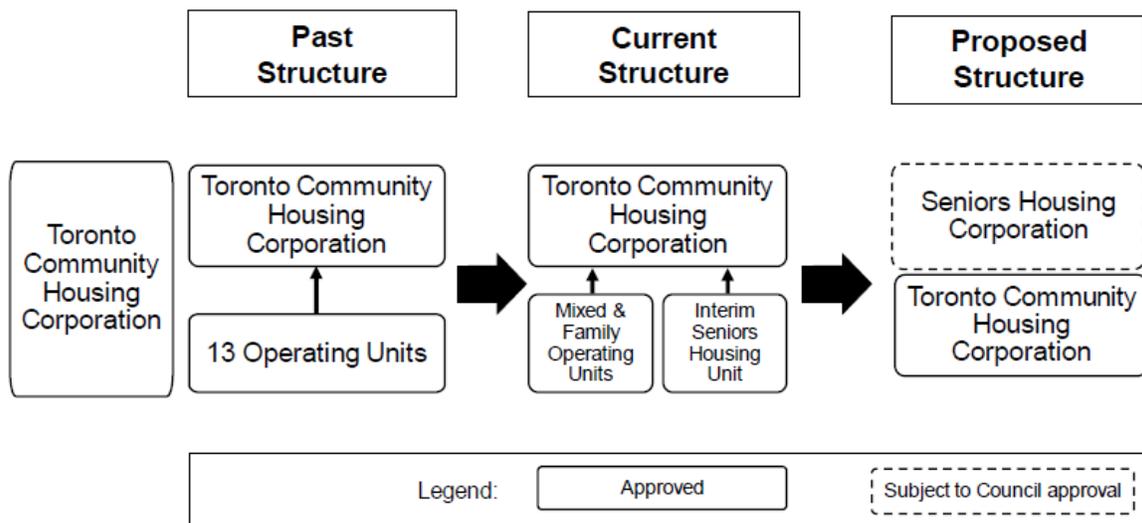
Section 5 of this report outlines a new accountability framework to support increased oversight and accountability of Toronto Community Housing Corporation and seniors housing corporation operations and activities.

### **c) Implementation of the Integrated Service Model**

The City, along with Toronto Community Housing Corporation and the Toronto Central Local Health Integration Network, have developed an integrated service model as outlined in Attachment 5. By integrating the delivery of housing and health services in the 83 seniors-designated buildings, the model promotes aging in place, better quality of life and successful tenancies. An implementation plan for the model will be rolled out in stages across the seniors-designated buildings beginning in 2020. The initial implementation will be in 10 seniors-mandated buildings, with full implementation estimated to be complete by end of 2022. Staff will continue developing an evaluation framework to inform a future phased roll out.

Implementation of the integrated service model will initially be led by Toronto Community Housing Corporation's Interim Seniors Housing Unit. The City, Toronto Community Housing Corporation, and the Toronto Central Local Health Integration Network will monitor and evaluate the first phase of implementation to inform further implementation across the seniors portfolio. It is envisioned that the integrated service model will be almost fully implemented prior to new seniors housing corporation taking over the day-to-day operational responsibility of the seniors portfolio. Best practices emerging from the integrated service model could also help inform service delivery in other sections of Toronto Community Housing Corporation's portfolio.

**Figure 3: Proposed structure for seniors-mandated housing**



#### 4. Mixed and Family Portfolio: Remain a City Corporation

Toronto Community Housing Corporation's mixed and family portfolio is comprised of approximately 43,000 units. As outlined in the April 2019 "Accelerating the City's Tenants First Project" report, City Council has directed that Toronto Community Housing Corporation implement a revised tenant-focused service delivery model, improve integration with the City and strengthen tenant engagement system.

City staff from the City Manager's Office, the Tenants First project office and City Legal Services completed an assessment of legal structure options for Toronto Community Housing Corporation's mixed and family portfolio. The options examined include a City corporation, City agency, City divisions, independent non-profit organization and a private entity (see Attachment 4). The work assessed these options using Council-approved objectives and other relevant objectives of the Tenants First project. To inform this work, staff reviewed the legal structure of other large local housing corporations in Ontario for comparison.

As outlined in Attachment 4, changing Toronto Community Housing Corporation's legal structure to a City division or a new City agency would increase the City's exposure to risk as it is fully liable for the actions of its divisions and agencies. It would also trigger substantial costs to the City and/or Toronto Community Housing Corporation, risk

intergovernmental funding commitments, and could result in significant disruption to tenant services. Maintaining Toronto Community Housing Corporation as a corporation is also consistent with the legal structure of other large local housing corporations in Ontario.

Based on the assessment, it is recommended that Toronto Community Housing Corporation continue being governed as an independent corporation of the City of Toronto with a smaller operational portfolio after the responsibilities for operating the 83 seniors-designated buildings are transferred to the new seniors housing corporation, but with a new accountability framework to strengthen accountability to Council as shareholder.

## **5. Creating a New Accountability Framework at the City for Toronto Community Housing Corporation and Seniors Housing Corporation**

A new accountability framework to support increased oversight and accountability over the operations of both Toronto Community Housing Corporation and the seniors housing corporation is needed. Many of the actions implemented as part of Tenants First have focused on transforming Toronto Community Housing Corporation to be a good social housing landlord and deliver better services to their tenants. However, the City must also transform how it collaborates with and oversees Toronto Community Housing Corporation as well as the proposed seniors housing corporation. The City, through its legal roles as Service Manager and Shareholder, has the ability to achieve an enhanced level of oversight than what is currently being delivered. Additional resources and a clear focus will help to achieve this.

A new accountability structure at the City will focus on achieving the following:

### **a) Ensuring that the Service Manager provides a higher level of oversight for indicators governed by the *Housing Services Act***

The City's role as Service Manager should be enhanced to ensure a higher level of oversight for outcomes prescribed by the *Housing Services Act* including rent-geared-to-income service levels, rent-geared-to-income administration, and vacancy management. The legislation provides a framework for social housing related areas of oversight that can be improved through the new accountability framework

In focusing on key service manager related oversight, the City will achieve a higher degree of oversight over budget and operations of Toronto Community Housing Corporation and the proposed seniors housing corporation.

### **b) Co-ordinating the City's relationship with Toronto Community Housing Corporation and seniors housing corporation and provide consistent strategic direction to the City's housing Corporations**

Several divisions at the City have formal relationships with Toronto Community Housing Corporation. Currently, Shelter, Support and Housing Administration holds the legislated system service manager role, and the City Manager's Office is responsible for managing the Shareholder role. Under the new approvals framework for Toronto Community Housing Corporation revitalization projects, which will be considered at Housing and Planning Committee on July 3, 2019, the Housing Secretariat would take the lead role

with Toronto Community Housing Corporation revitalization projects. Additionally, this report proposes that the Seniors Services and Long-Term Care division take an oversight role over the implementation of the integrated service model and service delivery in the proposed seniors housing corporation.

This report proposes a new, integrated accountability framework in which those divisions will continue to have responsibility for managing their designated role, while a newly created City Housing Corporation relationship unit, reporting to the Deputy City Manager, Community and Social Service, leads the co-ordination and strategic direction of City relationships with both Toronto Community Housing Corporation and the proposed seniors housing corporation. Relationships with other social housing providers will continue to be managed by Shelter, Support and Housing Administration as the Service Manager under the *Housing Services Act*.

This new framework requires open and clear communication and a shift toward centralizing the City's strategic leadership on City-owned housing. Specific roles and responsibilities will need to be clarified, including the new, overall strategic oversight function that will be administered in the City relationship unit.

The creation of the City Housing Corporation relationship unit is based on learnings from the work of the Tenants First project management office, through which certain aspects of Toronto Community Housing Corporation oversight and reporting have been improved. Tenants First has also provided an informal main point of contact for Toronto Community Housing Corporation within the City, which has proven to assist with efficiently managing arising strategic issues. Formalizing this co-ordinating role with the relationship unit will facilitate better communication between the City and its City housing corporations, while still allowing the City to have overall strategic oversight of them. This unit will also be responsible for liaising and co-ordinating other City activities with Toronto Community Housing Corporation and the proposed seniors housing corporation, including acting as a first point of contact for City stakeholders, including councillors. It will support City divisions to work with its City housing corporations to deliver services to its tenants, especially where there are shared interests.

### **c) Creating a suite of new accountability instruments**

To complete the Tenants First Phase 1 Implementation Plan, a new suite of accountability instruments needs to be created including:

- New Shareholder Directions for Toronto Community Housing Corporation and Seniors housing corporation
- New Operating Agreements for Toronto Community Housing Corporation and Seniors housing corporation
- Possible Service Agreements as required for activities outside of Toronto Community Housing Corporation's core mandate, including the required Service Agreement between Toronto Community Housing Corporation and seniors housing corporation

The plan to update the Shareholder Direction includes:

- Comprehensive review of existing clauses
- Engagement with tenants to discuss proposed changes to the mandate

The plan to update the Operating Agreement includes:

- Comprehensive review of existing clauses
- Alignment with Shelter, Support and Housing Administration's best practices on social housing oversight and standards

Once the suite of accountability instruments are developed, an evaluation framework focusing on key outcome measures, with a focus on outcomes for tenants, will be implemented. Improving tenants' experience will be directly linked to the oversight of Toronto Community Housing and seniors housing corporation.

## **6. Core Mandate and Permanent Funding Model for Toronto Community Housing Corporation and the seniors housing corporation**

A sustainable funding model is critical to both Toronto Community Housing Corporation and the proposed seniors housing corporation in delivering their core mandates. Activities within both corporations' core mandates will be funded through the permanent funding model. Additional funding strategies for activities that fall outside of the core mandates will be developed and will include accessing available funding from other orders of government. The permanent funding model will be presented to Council in the fall 2019.

An interim funding model was set up for 2018 and 2019 to stabilize Toronto Community Housing Corporation's operational and capital budgets. In line with the 2020 budget process, the City is completing an analysis of the anticipated permanent model using actual budget figures from Toronto Community Housing Corporation and it is working closely to verify that the model provides the funding required to deliver Toronto Community Housing Corporation and the proposed seniors housing corporation's core social housing mandates.

Considerable work has been completed to date to clarify the core mandate for Toronto Community Housing Corporation. This work and additional work to be completed will inform the core mandates of the proposed seniors housing corporation as well as Toronto Community Housing Corporation. Staff will report back with Shareholder Directions and Operating Agreements for the City housing corporations in 2020 that reflect the new core mandate for each of the corporations (Toronto Community Housing Corporation and the proposed seniors housing corporation).

The City and Toronto Community Housing Corporation have identified the following six focus areas for further work to clarify mandate, roles and responsibilities and ensure closer collaboration to improve outcomes for tenants:

1. Prevent evictions where possible
2. Implement integrated service model in high-needs buildings
3. Promote community safety and wellbeing
4. Engage and support vulnerable youth populations, including increasing opportunities for community economic development and employment;
5. Improve tenant participation system and encourage tenants to be more engaged in overall civic opportunities

## 6. Develop and operate community spaces accessible and affordable to the wider community

These six areas highlight where the separation between Toronto Community Housing Corporation and City responsibility is unclear, and reflect where the City has expressed an interest in being more involved in Toronto Community Housing Corporation's operations. These are also complex areas where Toronto Community Housing Corporation would like additional clarification and direction from the City about how to proceed. More details on these six areas can be found in Attachment 3.

Work to address these areas will be carried out as a close collaboration between staff from relevant City divisions, staff from Toronto Community Housing Corporation, and key stakeholders. Staff will develop a plan to engage appropriately with tenants to ensure that tenant experiences inform future decision-making about strategies to address these areas, including roles and responsibilities for City, its City housing corporations and community organizations.

## 7. Transfer of Toronto Community Housing Corporation's Development Function to CreateTO

On April 30, 2019, the Planning and Housing Committee deferred report *PH5.5 - A New Approvals Framework for Toronto Community Housing Corporation Revitalization Projects* to the July 3, 2019, meeting of the Planning and Housing Committee in recognition of the Auditor General's report on Toronto Community Housing Corporation revitalizations. The Committee also requested that the City Manager review the consent approval process for Toronto Community Housing Corporation revitalization and development projects in the context of the evolving mandates of CreateTO and the new Housing Secretariat.

Additionally, on May 14, 2019, through report *AU2.1 - Moving Forward Together: Opportunities to Address Broader City Priorities in Toronto Community Housing Corporation Revitalizations*, City Council requested that the Executive Director, Housing Secretariat, in consultation with CreateTO, report to the July 3, 2019, meeting of the Planning and Housing Committee on any options for city-building objectives that may be included on revitalizations that have yet to obtain planning approvals.

Furthermore, as CreateTO evolves, it is crucial that Toronto Community Housing Corporation be integrated into the overarching City-wide Real Estate service delivery model, adopted by Council in May 2017 (2017.EX27.9). The City-wide Real Estate model emphasizes city-building with an expanded city-wide scope and mandate, including the development of a city-wide portfolio plan that accounts for all the various different City program real estate needs.

As an agency working with the City's Corporate Real Estate Management division, the mandate of CreateTO is to develop and maintain the City's portfolio strategy, develop City buildings and lands for municipal purposes and deliver client-focused real estate solutions.

To further facilitate this integration and connect the revitalization of Toronto Community Housing Corporation communities to broader city-building objectives, including increasing the stock of affordable rental housing, it is recommended that the plan to include Toronto Community Housing Corporation's real estate function as part of the city-wide real estate model be accelerated and that development functions be moved to CreateTO and/or the City.

In addition to the above recommendation, the following actions further support Council's direction and are already underway:

- Toronto Community Housing Corporation has joined the joint CreateTO and City led Strategic Program Management Committee which formally facilitates conversation and synergies among City programs, and
- Toronto Community Housing Corporation will be working closely with CreateTO and City staff to provide input into the next version of the City-Wide Real Estate Portfolio strategy

The report being considered at Planning and Housing Committee on July 3, 2019, will also establish a framework for better integration between the City's Housing Secretariat, Toronto Community Housing Corporation's development division and CreateTO.

### **Maintaining Community Engagement and Successful Relocation and Return Services**

Revitalizations can be very disruptive for tenants. Over twenty years of revitalization projects, Toronto Community Housing Corporation has developed comprehensive processes to engage with tenants in planning and implementing revitalization projects, generate employment and training opportunities through development activities, and relocate tenants to alternative units (either off-site or within the community) during the physical redevelopment of buildings. Carefully managing these processes to prepare the community for revitalization and minimise disruption to tenants' lives is critical, especially given that many vulnerable and marginalized Torontonians live in Toronto Community Housing Corporation buildings.

Community engagement includes: engaging with tenants to discuss physical changes to units, buildings and the surrounding environment; connecting tenants to Community Economic Development opportunities; and working with tenants and stakeholders to develop Social Development Plans to improve access to programs, services and opportunities within the revitalized neighbourhood.

Relocation and return includes: Managing the portfolio to ensure that sufficient units are vacant at an appropriate time to house tenants who are being relocated; managing the relocation process to identify the order in which tenants will be relocated and rehoused; and developing a Tenant Relocation and Assistance Plan which sets out what tenants can expect from Toronto Community Housing Corporation during the revitalization process, including the level of supports to be made available to assist tenants with moving, updates on relocating and information on an equitable and transparent unit relocation selection process.

It is important that the current level of community engagement and relocation and return services provided to tenants during revitalizations is maintained through the proposed transfer of Toronto Community Housing Corporation's development function to CreateTO and/or the City.

### **Creating New Affordable Rental Housing Opportunities through Infill Development**

During the last twenty years, Toronto Community Housing Corporation has made considerable progress in pursuing the revitalization of a select number of properties that are located near transit, appropriate for intensification, and are conducive to public/private partnerships.

Other Toronto Community Housing Corporation communities outside of existing revitalization initiatives have the potential to also contribute to the City's overall housing goals, including providing opportunities for new affordable rental housing.

As part of the City's broader affordable housing initiative, this report recommends that Toronto Community Housing Corporation Board of Directors direct the President and Chief Executive Officer of Toronto Community Housing Corporation to co-ordinate through the Housing Secretariat the identification and requirements to advance opportunities for new affordable rental housing units on Toronto Community Housing Corporation lands through a program of infill construction.

The Deputy City Manager, Community and Social Services, Executive Director, Housing Secretariat, CreateTO and the Chief Planner and Executive Director, City Planning, will work to support Toronto Community Housing Corporation in identification and review of requirements to advance new affordable rental housing infill.

This work will also be guided by the goal of ensuring that an infill development program provide positive social and economic outcomes for the community and residents.

### **8. Transfers of Toronto Community Housing Corporation Uninhabitable Houses**

A process has been completed to allocate the uninhabitable Toronto Community Housing Corporation houses to agencies that have provided business cases. Additional uninhabitable houses have been identified by Toronto Community Housing Corporation. This report recommends adding the addresses listed in Confidential Attachment 1 to the list of properties approved through 2018.EX34.3 and using the process established at that time to allocate these houses.

### **9. Conclusion**

The transformation of Toronto Community Housing Corporation is a long-term process. This report is a critical step in transforming the governance, legal structure, mandate, and accountability framework for both seniors housing and the mixed and family portfolios. The recommendations in this report focus Toronto Community Housing Corporation on its core mandate of delivering services to tenants in mixed and family

buildings, through creating a separate seniors housing corporation, and consolidating development and revitalization expertise in CreateTO. Work also continues on the process to transfer the scattered housing portfolio to not-for-profit providers.

Significant work has been completed on redesigning service delivery models which can be implemented to improve service to tenants in the short-term. In the long-term, these service delivery models must be embedded within corporations which are governed effectively through a legal structure and accountability framework which provides appropriate City oversight, focused on delivering services within a clear mandate, and which collaborate with City divisions to provide coordinated and comprehensive responses to emerging issues.

The Tenants First project aims to improve services to tenants. Through the changes to legal structure, mandate and accountability recommended in this report, tenants will experience improvements in the way that services are delivered, by Toronto Community Housing Corporation, the proposed seniors housing corporation and the City. In addition, initiatives such as the rooming house projects and the integrated service model for seniors housing will be evaluated to develop best practises for working with vulnerable and senior tenants, which will guide social housing providers to improve services for tenants across the social housing system.

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## **SIGNATURE**

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## **ATTACHMENTS**

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Attachment 1 - List of Seniors-mandated Buildings

Attachment 2 -Summary of Toronto Community Housing Corporation's Current Legal Structure and the City's Accountability Framework

Attachment 3 - Update on Tenants First Phase 1 Implementation Plan

Attachment 4 - Options for Legal Structures for Toronto Community Housing Corporation and the Seniors Housing Entity

Attachment 5 - Summary of the Integrated Service Model

Confidential Attachment 1 - Additions to the Uninhabitable House Transfer List