



## REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

### Implementing Tenants First: 2020 Action Updates

**Date:** October 6, 2020

**To:** Executive Committee

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

**Wards:** All

#### **REASON FOR CONFIDENTIAL INFORMATION**

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This report deals with a proposed or pending acquisition or disposition of land by the Toronto Community Housing Corporation in collaboration with the City of Toronto.

#### **SUMMARY**

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Since 2016, City Council has approved a series of actions recommended through work of the Tenants First project to steer Toronto Community Housing Corporation ("TCHC") toward long-term, sustainable change in which TCHC focuses on being a social housing landlord, buildings are in a good state of repair, and tenants are connected to appropriate services.

In July 2019, City Council approved the phased implementation of a new Integrated Service Model ("ISM") for tenants in TCHC's 83 seniors-designated buildings to improve housing services and to better coordinate access to health and housing services to support seniors aging in place. It also directed staff to develop an accountability framework for the ISM to provide stronger City oversight into TCHC's delivery of the new model. In addition, City Council approved in principle the creation of a stand-alone seniors housing corporation to operate these 83 buildings subject to the completion of a due diligence review.

In conducting a due diligence review, City staff, working collaboratively with TCHC and supported through an external legal firm, examined financial, legal, and labour relations risks as well as the overall governance structure of the future corporation. Creating the seniors housing corporation will benefit from using a phased approach for start-up and implementation: Phase 1 - Establishing the corporation and appointing a board; Phase 2 - Start-up and Transition, including recruiting key corporate executives and transferring tenancies, staff and contracts from TCHC to the new corporation; Phase 3 - Full operations. Each of these three phases will require a varying amount of City resources.

Since the due diligence review began in late 2019, the City has experienced the devastating impacts of the COVID-19 pandemic and has dedicated, and will continue to dedicate a significant amount of staffing and financial resources to its response and, going forward, its recovery and rebuilding efforts. Given that the ongoing pandemic and associated recovery and rebuild period is anticipated to extend into 2021, this report recommends that City Council delay launching the seniors housing corporation until the COVID situation has stabilized. An update will be provided to City Council by the spring of 2021 with recommended timing on creating the seniors housing corporation. Until a corporation is established, TCHC will continue to maintain a dedicated Seniors Housing Unit which reports directly to the TCHC's Chief Executive Officer, and City staff will continue to do the preparatory work required for the establishment of a separate corporation.

The City remains committed to improving service to senior tenants in social housing through the continued roll out of the ISM which was approved by City Council in July 2019. Additionally, the City will have increased oversight, ensuring that the ISM is being effectively implemented and is achieving its intended outcomes, through an ISM accountability framework recommended in this report (and described in Attachment 4). The ISM's key features include increased staff to tenant ratios, better coordinated access to health services and supports through the Local Health Integration Network and community partners, and seniors health and wellness hubs.

Changes to the operations of TCHC's seniors housing portfolio through the creation of a new corporation necessitates a review in the Office of the Commissioner of Housing Equity's (OCHE) structure and function related to supporting senior and vulnerable TCHC tenants. This report recommends that the City Manager consider specific roles of the OCHE in the review and establishment of a Housing Commissioner role or function within the City, with a focus on aligning OCHE and Housing Commissioner functions if appropriate. Staff anticipate reporting to Committee and Council by the end of this year on the Housing Commissioner and the OCHE.

This report also provides an update and makes recommendations with respect to an updated mandate for TCHC, and the transfer of TCHC's remaining 729-unit scattered house portfolio to the non-profit housing sector.

## **RECOMMENDATIONS**

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The Deputy City Manager, Community and Social Services ("Deputy City Manager") recommends that:

### **Updated Mandate for TCHC**

1. City Council adopt the 2021 Mandate Direction Document for TCHC outlined in Attachment 1 and, as Shareholder, request the Board of Directors of TCHC to work with the Deputy City Manager to carry out the actions described in the 2021 Mandate Direction Document.

2. City Council direct the City Manager to amend the Shareholder Direction to make permanent the process for selecting Tenant Board members outlined in Attachment 2 and originally adopted by City Council in 2018.EX30.2 as an interim procedure to select Tenant Board members.

3. City Council direct the City Manager to report back to City Council in 2021 with an updated the Shareholder Direction for TCHC.

### **Integrated Service Model Implementation**

4. City Council approve the Integrated Service Model Accountability Framework contained in Attachment 4 of this report.

5. City Council, as Shareholder, direct the Board of Directors of TCHC to comply with the Integrated Service Model Accountability Framework requirements in Attachment 4 of this report.

6. City Council, as Shareholder, direct the Board of Directors of TCHC to support the successful implementation of the Integrated Service Model in the Seniors Housing Unit at TCHC by completing the actions related to the Integrated Service Model in the 2021 Mandate Direction Document as listed in Attachment 1 to this report.

7. City Council acknowledge and formally thank the leadership of the Toronto Central Local Health Integration Network for their involvement in the development and continued contribution to the Integrated Service Model for seniors-designated social housing in Toronto.

### **Toronto Seniors Housing Corporation Timeline**

8. City Council direct the Deputy City Manager to report to Executive Committee by the spring of 2021 with recommended timelines for the creation of the seniors housing corporation and recommendations for related approvals.

### **Office of the Commissioner of Housing Equity**

9. City Council direct the City Manager to consider the investigation and process review functions of the Office of the Commissioner of Housing Equity in the City's development of the future Housing Commissioner role or function, with a focus on aligning roles between these two offices, if appropriate.

### **Scattered Properties RFP Process and Transfers**

10. City Council direct the Board of Directors of TCHC to negotiate an agreement of purchase and sale, with direction from the Deputy City Manager, for the sale of the 623 scattered properties containing 729 units described in Attachment 6 to the selected non-profit proponent(s) identified in Confidential Attachment 1 based substantially on the terms and conditions outlined in the joint City-TCHC Request for Proposals ("RFP"), the submission of the selected proponent(s), and such other terms and conditions that are satisfactory to both TCHC and the Deputy City Manager and to complete such

agreements of purchase and sale with any additional direction from the Deputy City Manager.

11. City Council approve the reclassification of the properties listed in Attachment 7 that were originally identified as uninhabitable in Confidential Attachment of 2018.EX34.3 to be considered scattered houses and direct the Board of Directors of TCHC to negotiate an agreement of purchase and sale, with direction from the Deputy City Manager, of those addresses to the selected proponent(s) of the RFP process identified in Confidential Attachment 1, based on the terms and conditions outlined in the joint City-TCHC RFP and such other terms and conditions that are satisfactory to both TCHC and the Deputy City Manager with pricing determined by the Deputy City Manager, and to complete such agreements of purchase and sale with any additional direction from the Deputy City Manager.

12. City Council direct the Board of Directors of TCHC to negotiate an agreement of purchase and sale, with direction from the Deputy City Manager, for any remaining uninhabitable or agency houses that the Deputy City Manager deems unallocated to the selected proponent(s) of the RFP identified in Confidential Attachment 1 or with other qualified proponents identified by the Deputy City Manager, Community and Social Services, at the direction of the Deputy City Manager, based on the terms and conditions outlined in the joint City-TCHC RFP and such other terms and conditions that are satisfactory to both TCHC and the Deputy City Manager with pricing determined by the Deputy City Manager, and to complete such agreements of purchase and sale with any additional direction from the Deputy City Manager.

13. City Council amend the previously approved lists of transfers of Toronto Community Housing Corporation Agency, Rooming and Uninhabitable Houses by:

a. Adding the following addresses to the list of Agency Houses approved by Council and listed in Appendix 1 to the report (January 9, 2018) from the Deputy City Manager, Cluster A of Item 2018.EX30.2: 143A Stephenson Avenue, 143B Stephenson Avenue, and 143C Stephenson Avenue.

b. Adding 41 D'arcy Street to the list of rooming houses, described in 2018.EX30.2.

c. Delete 127 Sackville Street from the list of agency houses.

14. City Council direct the Board of Directors of TCHC to negotiate an agreement of purchase and sale, with direction from the Deputy City Manager, of any additional scattered housing not identified in the RFP but identified through forthcoming due diligence with the selected proponent(s) based on the terms and conditions outlined in the joint City-TCHC RFP and such other terms and conditions that are satisfactory to both TCHC and the Deputy City Manager with pricing determined by the Deputy City Manager, and to complete such agreements of purchase and sale with any additional direction from the Deputy City Manager.

15. City Council direct the Board of Directors of TCHC to transfer ownership of any agency, uninhabitable or rooming house property approved by to non-profit corporations in each case at a below market transfer price determined by the City Manager.

16. City Council acting as Shareholder, approve the sale and transfer of all the properties referenced in the recommendations 10, 11, 12, 13, 14, and 15 above pursuant to Section 7.4.1(b) of the Shareholder Direction.

17. City Council authorize the General Manager, Shelter, Support and Housing Administration, to provide, on behalf of the City acting as Service Manager under the *Housing Services Act*, consents pursuant to subsection 161(2) and 162(2) of the *Housing Services Act*, as required, to transfers by TCHC described in recommendations 10, 11, 12, 13, 14, and 15, and to mortgages by transferees, subject to such terms and conditions that the General Manager, Shelter Support and Housing Administration, considers reasonable and necessary to carry out City Council's decision, including, without limitation, compliance with the *Housing Services Act* and the Service Manager's local rules and standards; occupancy costs; the operation of the housing project; funding; reporting and accountability; the mandate and target tenants or residents for the housing project; and tenant supports.

18. City Council authorize the General Manager, Shelter, Support and Housing Administration, on behalf of the City to enter into one or more operating agreements and other such agreements as may be required with the selected proponent(s) and the entities that may operate the properties referenced in the recommendations 10, 11, 12, 13, 14 and 15 above to ensure the housing assets are operated as affordable housing in perpetuity and to address compliance with the Housing Services Act and the Service Manager's local rules; occupancy costs; the operation of the housing project; funding; reporting and accountability; the mandate and target tenants or residents for the housing project; and tenant supports.

19. City Council authorize the General Manager of Shelter, Support and Housing Administration Division, acting as Service Manager on behalf of the City of Toronto under the Housing Services Act, 2011, to adjust funding and rent-g geared-to-income service levels for the operating agreement with the TCHC to reflect its reduced operating costs as a result of the transfers approved in recommendations 10, 11, 12, 13, 14 and 15 above.

20. City Council direct that Confidential Attachment 1 to this report from the Deputy City Manager remain confidential in its entirety as it pertains to the pending disposition of property by TCHC until the Deputy City Manager authorizes its release.

## **FINANCIAL IMPACT**

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The financial impacts stemming from the recommendations in this report are outlined separately below.

### **Updated Mandate for TCHC**

There are no financial impacts to the City from the recommendations regarding the updated mandate for TCHC. All actions will be completed using existing resources.

## Seniors Housing Corporation – Estimated Implementation Costs

There are no immediate financial impacts to the City arising from the recommendations in the report with respect to the future seniors housing corporation. All actions and preparatory work related to the creation of the corporation will be completed within existing resources.

Due to the current pandemic, the City’s first priority is preparing and responding to a possible resurgence of the virus, and continuing with recovery and rebuild efforts, all of which require significant staff time and resources. Given that the ongoing pandemic and associated recovery and rebuild period is anticipated to extend into 2021, this report recommends that City Council delay launching the seniors housing corporation until the current COVID-19 situation has stabilized. An update will be provided to City Council by the spring of 2021 with recommended timing on launching the seniors housing corporation. Until a corporation is established, TCHC will continue to maintain a dedicated Seniors Housing Unit which reports directly to TCHC’s Chief Executive Officer, and will continue with the implementation of the ISM. City staff will also continue to do the preparatory work required to support the launch and establishment of a separate seniors housing corporation.

Once the timelines have been determined, any financial impacts to the City arising from creating the seniors housing corporation will be further outlined in subsequent reports to Council and will be subject to the annual budget process. The costs to create the corporation outlined below do not have any immediate impact on the City and are initial estimates for information purposes only.

The table below provides cost estimates for the key implementation phases of the seniors housing corporation. The cost estimates assume that current shared services arrangements will be maintained with TCHC.

Table 1 - Cost Estimates for Key Implementation Phases of the Seniors Housing Corporation

Cost Category	Phase 1: Establishment (4-6 Months)	Phase 2: Start-up & Transition (12-18 Months)		Phase 3: Operational (Ongoing Annual Cost)	
		Cost	Positions	Cost	Positions
Executive Team	Within existing resources	\$1M - \$1.5M	7	\$1.9M	7
Project Management		\$0.3M - \$0.4M	2	0	0
Legal Fees		\$0.2M		0	0

<b>Cost Category</b>	<b>Phase 1: Establishment (4-6 Months)</b>	<b>Phase 2: Start-up &amp; Transition (12-18 Months)</b>		<b>Phase 3: Operational (Ongoing Annual Cost)</b>	
<b>Total Cost</b>		<b>\$1.5M - \$2.1M</b>	<b>9</b>	<b>\$1.9M</b>	<b>7</b>
<b>City Funding Required</b>		<b>\$1.3M – 1.9M</b>	<b>9</b>	<b>\$1.9M</b>	<b>7</b>

Creating a new seniors housing corporation aims to give operational autonomy to a new, mandate-driven corporation to deliver the Integrated Service Model in 83 seniors' buildings owned by TCHC. This transfer also aims to narrow the focus of TCHC so that it can focus on its remaining family-mixed portfolio. Creating a seniors housing corporation will improve oversight and governance of housing services for seniors and will in turn improve the quality of services provided to senior tenants.

Phase 1, or the establishment phase of the corporation, will be managed within existing City resources. This phase includes the initial legal work to establish the corporation, hosting public meetings as required, as well as starting recruitment for permanent Board members and the executive director.

Phase 2, or the start-up and transition phase of the corporation, is expected to cost between \$1.425 million to \$2.085 million, depending on timelines, and requires nine (9) positions (7 permanent positions for the executive team hired throughout the year and 2 temporary project managers for 12-18 months). It is estimated that City funding of \$1.313 million to \$1.869 million is required, while TCHC will fund one of the project management positions. This phase includes establishing a temporary project management team to manage the transition of operations to the new corporation and conduct a shared services review to establish the shared services structure between TCHC and the seniors housing corporation. This phase will also include legal fees for contract negotiations as well as hiring the executive team and setting up office space for the corporation.

Phase 3, or the operational phase of the corporation is expected to cost \$1.937 million from the 7 positions hired during the development phase for the executive team. This phase will include the full costs of the executive team, as well as office space and equipment requirements.

In addition to the costs outlined above, additional costs for back office or other services will need to be considered. These services may be delivered through shared service agreements reached between TCHC and the seniors housing corporation. Utilizing TCHC's existing service models for the seniors housing corporation may be a cost-effective approach, particularly in early stages of the seniors housing corporation development as it builds its operational capacity. A detailed review of current service arrangements within TCHC that could be shared with the seniors housing corporation,

and the costs and benefits of doing so, is required to identify any incremental costs and has been included in the development phase of the seniors housing corporation.

Under the proposed arrangement for the new corporation, TCHC will retain title and responsibility for capital work for these buildings in order to maintain current financing and capital funding agreements.

### **Integrated Service Model - Estimated Implementation Costs**

The ISM will be implemented in 3 phases across 2020, 2021 and 2022<sup>1</sup>. There are no financial impacts to the City as TCHC anticipates funding the ISM within existing resources. The costs of implementing the ISM are outlined below.

The table below provides cost estimates for the key implementation phases of the Integrated Service Model.

Table 2 - Cost Estimates for ISM Implementation

<b>Cost Category</b>	<b>2020</b>		<b>2021</b>		<b>2022</b>	
	<b>Cost</b>	<b>Positions</b>	<b>Cost</b>	<b>Positions</b>	<b>Cost</b>	<b>Positions</b>
Salary & Benefits						
Phase 1	450,617	23	2,412,791	23	2,461,047	23
Phase 2			1,309,727	27	3,001,800	27
Phase 3					1,855,315	19
<b>Total Salary &amp; Benefits</b>	<b>450,617</b>	<b>23</b>	<b>3,722,519</b>	<b>50</b>	<b>7,318,162</b>	<b>69</b>
Project Management			520,000		260,000	
Equipment and Other Setup Costs	115,000		135,000		95,000	
<b>Total Cost</b>	<b>565,617</b>	<b>23</b>	<b>4,377,519</b>	<b>50</b>	<b>7,673,162</b>	<b>69</b>

The implementation of the ISM will require 69 additional positions, as well as project management costs and other setup costs for the new positions. Implementation will occur over 3 phases from 2020 to 2022 across 83 seniors' buildings in 5 regions. The new positions include roles that will carry out and oversee functions including tenant-facing positions for senior service supports and tenant services, custodial maintenance, cleaning, and administration.

The total cumulative cost of implementing Phase 1, 2 and 3 or the ISM is expected to be \$0.565M in 2020, \$4.378M in 2021 and \$7.673M in 2022. TCHC expects to fund the ISM implementation within existing resources.

<sup>1</sup> Full implementation is expected by 2022, however, this timeline may adjusted due to ongoing effects of COVID-19



- In Phase 1, the ISM will be implemented in 18 seniors' buildings in the South East region and will require 23 new positions.
- In Phase 2, the ISM will be implemented in an additional 30 seniors' buildings in the West and Downtown regions and will require 33 new positions.
- In Phase 3, the ISM will be implemented in the final 35 seniors' buildings in the Central and North East regions and will require 27 new positions. The ISM will be fully implemented in phase 3.

Beyond 2022, only staff salaries and benefits are required for the 69 new positions.

### *Expected Benefits of the Integrated Service Model*

The integrated approach through the ISM will enable senior tenants to age in place. In addition, there are significant cost advantages of enabling seniors to age in place, delaying the transition into long-term care.

The Integrated Service Model will enable seniors to age in place by providing proactive and preventative supports through an enhanced staffing model at TCHC SHU, stronger connections and access to services provided by the Toronto Central Local Health Integration Network and community agencies, and the development of policies that address issues unique to seniors. There are significant cost advantages of enabling seniors to age in place, delaying and avoiding the transition into long-term care.

The cost to operate a long-term care bed in Toronto is approximately \$234 per day<sup>2</sup>. The cost to operate a seniors housing unit at TCHC is estimated at \$26 per day, which is \$208 lower than a long-term care bed. Note that Local Health Integration Network costs have not been included in the costs. For every month a senior is supported to stay out of long-term care, there is a savings of up to \$6,479 to the overall system. Aging in place will relieve the burden on long term care facilities, which already face capacity issues and are largely funded by the Provincial government. The City of Toronto funds approximately 20% of costs for City-operated long-term care homes, while 60% comes from the Provincial government and 20% comes from resident co-payments.

### **Transfer of Scattered Portfolio to Non-Profit Housing Provider(s)**

There are two main costs to the City associated with the transfer of TCHC scattered houses to selected RFP proponent(s): one-time transition costs and ongoing incremental operating costs. The timing of the costs is dependent on the outcomes of the ongoing RFP process.

One-time transition costs are expected to be accommodated within the existing resources of Shelter, Support and Housing Administration (SSHA) and TCHC. Any ongoing incremental operating costs will be accommodated within the existing resources of SSHA and will include an assessment of funding from other levels of government.

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<sup>2</sup> Source: 2018 Municipal Benchmarking Network Survey at \$228.42 per day, increased by Ontario CPI for 2019 and June 2020.

### *One-time transition costs*

The transfer of 623 properties requires dedicated staffing resources at the City and at TCHC to ensure they are completed in a timely manner. This will require 2 project management positions for 18 months, one funded by the City and one funded by TCHC. These two staff have an estimated cost of \$0.431 million over 18 months and will be accommodated within the existing resources of SSHA and TCHC.

### *Ongoing operating costs*

As part of TCHC's permanent funding model, TCHC receives 75% of the City-wide Average Market Rent (AMR) on RGI units through a combination of tenant rents and the City's subsidy through a rent supplement. When the scattered units transfer to the selected proponent(s), the Rent Supplement agreement will be for 100% of AMR on all units, including RGI and Market, resulting in a net increase to the City's overall subsidy, estimated at \$0.299 million a month or \$3.584 million for a year. Any increase in subsidy will be accommodated within the existing resources of SSHA and will include an assessment of funding from other levels of government.

## **EQUITY IMPACT**

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Tenants in TCHC buildings reflect the rich diversity of the City of Toronto, encompassing intersections of ethno-racial diversity, language, ability, gender, sexual identity, gender identity and gender expression and socio-economic status.

Tenants living in TCHC seniors' buildings are amongst the most vulnerable and marginalized in the City. Many face challenges, including poor health, mobility issues, social isolation, and cognitive impairment, which intersect with and exacerbate other vulnerabilities such as racialized and gender-based poverty, structural and systematic racism, and unequal access to resources, services and opportunities. An adequately funded social housing system with enhanced service delivery for seniors is critical to the City's efforts to serve seniors and move from an age-friendly to an age-equitable city. The Integrated Service Model described in this report is based on a comprehensive and inclusive understanding of ageing, equity and diversity and aims to address the needs of senior tenants with consideration of their complex and intersecting identities. Through a focus on inclusive senior tenant engagement, improved staff training, improved access to health and social services, and development of policies specific to the needs of senior tenants, the ISM aims to ensure the needs of specific vulnerable groups are recognized and met.

This report is closely aligned with other key City strategic initiatives designed to strengthen communities in Toronto, including: HousingTO 2020-2030 Action Plan; 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 May 7, 2013, City Council adopted the Toronto Seniors Strategy including a vision, service plan, guiding principles, and accountability and monitoring framework as part of the strategy.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD20.1>

On January 28, 2016, the Mayor's Task Force on Toronto Community Housing tabled its Final Report, Transformative Change for TCHC 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 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 TCHC's key business areas.

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

On July 16, 2019, City Council adopted Implementing Tenants First - A New Seniors Housing Corporation and Proposed Changes to Toronto Community Housing Corporation's Governance which included the approval in principle of the creation of a new Seniors Housing Corporation to operate the 83 seniors-designated buildings in TCHC's portfolio subject to a due diligence process, direction to TCHC to begin implementing the Integrated Service Model (ISM) using a phased approach, and

directed staff to report back on an accountability framework and corresponding implementation plan for the ISM.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX7.1>

On November 26, 2019, City Council adopted Implementing Tenants First - A New Funding Model for Toronto Community Housing approving a rent supplement-based funding model for TCHC ensuring they receive a base-line revenue stream equivalent to 75% of Average Market Rent for RGI units and that also includes a dedicated capital contribution of \$160 million annually.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX10.2>

## **BACKGROUND**

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TCHC is the largest landlord and social housing provider in Canada with 58,500 units and over 110,000 tenants. Created by the merger of the operations of Metro Toronto Housing Corporation and Toronto Housing Company Inc. on January 1, 2002, it was established as a wholly owned subsidiary of the City and funded through a block subsidy. At the time, this legal structure and funding model were selected to allow the corporation to operate at arm's length from the City. However, due to challenges faced by TCHC over the course of the last decade, the City has become more involved in TCHC's operations. Increased City involvement has taken many forms, including: providing additional direction to TCHC through Council decisions and strategies, contributing financially to capital repairs and renovation projects, increasing TCHC's operational subsidy, and integrating its budget process with that of the City.

Through the Tenants First project, City Council has, since 2016, approved a series of actions to steer TCHC toward long-term, sustainable change in which it is focused on being a social housing landlord, where buildings are in a good state of repair, and tenants are connected to appropriate services. Some of Tenants First's major accomplishments include:

- A new, permanent rent-supplement based funding model that includes a dedicated capital contribution of \$160 million per year to adequately fund TCHC's operations as well as their 10-year capital plan.
- A decentralization pilot that tested changes to front-line staffing models, informing TCHC's decision to restructure their operations in 2020 with more front-line staff, tenant service hubs and a refreshed management structure to increase accountability for tenant services.
- The design of an Integrated Service Model with TCHC and the Toronto-Central Local Health Integration Network (TC LHIN) to improve outcomes for senior tenants living in the seniors-designated portfolio.
- The creation of a Seniors Housing Unit at TCHC with new and separate management structure with oversight for the seniors-designated portfolio and responsibility for Integrated Service Model implementation.

- The creation of over 200 supportive housing units by layering in supports to vulnerable tenants in the TCHC-owned rooming houses<sup>3</sup>.
- Over two years of engagement with TCHC tenants, including a dedicated Tenant Advisory Panel, in the development of these initiatives.

## COMMENTS

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### 1. Introduction

Through the Tenants First work streams, City Council has approved recommendations that have ultimately been focused on either improving and enhancing services to seniors and vulnerable tenants, or narrowing TCHC's focus with a clearer mandate and direct operational responsibility for a smaller portfolio of units, mainly in the family-mixed portfolio.

This report recommends further enhancing services to vulnerable tenants by:

- Adopting a 2021 Mandate Direction Document outlining joint City-TCHC areas of interest and 2021 actions to support the creation of a new mandate statement in the Shareholder Direction.
- Continuing the ISM implementation beyond Phase 1 and adopting the ISM Accountability Framework as directed by City Council in July 2019.

This report recommends making TCHC a more focused social housing landlord with a smaller portfolio of units by:

- Requesting staff to report in the spring of 2021 with a status update on the actions contained in this report regarding the creation of a seniors housing corporation and an updated timeline for its operationalization.
- Directing the TCHC Board of Directors to negotiate and transfer ownership and operations of the scattered housing portfolio to the selected proponent(s) recommended through the joint City-TCHC Request for Proposals (RFP) process.

### 2. Overall Status Update on Tenants First

The Tenants First work plan for 2020 was created at the end of 2019 and included the areas and objectives outlined in the chart below. Despite inevitable delays owing to staff redeployment in the City's response to the COVID-19 pandemic, Tenants First work has continued through 2020. This report provides an update on the Tenant First work streams including:

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3 Rooming House : A TCHC-owned house with shared kitchen and/or washroom, occupied by four or more tenants, each of whom pays an individual rent.

Table 3 - Update on Tenant First Work Streams

Work Stream	2020 Objective	Status Update
1. Permanent Funding Model	Implement the funding model for TCHC	Implemented through the 2020 budget
2. Relationship Unit	Create relationship unit to centralize the management of the City's relationship with TCHC and the new seniors housing corporation	Delayed due to COVID-19, anticipated to be set up in 2021
3. ISM Implementation and Development of the ISM Accountability Framework	Begin the implementation of the Integrated Service Model	Detailed update in section 6 of this report
4. Due Diligence for the creation of a seniors housing corporation	Complete legal and financial due diligence review and seek Council direction to move forward on the creation of a new seniors housing corporation	Detailed update in section 7 of this report
5. Transfer of TCHC single family homes to non-profit sector	Complete the request-for-proposal process to transfer the scattered portfolio	Details update in section 10 of this report
6. Transfer of Agency, Rooming and Uninhabited Houses	Continue transfers of agency and uninhabitable houses to the non-profit sector	Delayed due to COVID -19, detailed update in sections 3 and 11 of this report

### 3. Transfer of Agency, Rooming and Uninhabited Houses

#### *Uninhabitable and Agency Houses*

Seven properties were transferred during the first two quarters of 2020. City staff are currently negotiating social housing agreements for five houses with four different community agencies and are engaging with remaining agencies to determine their capacity given COVID-19 to resume work on the transfers. The majority of these properties are expected to transfer in 2021.

#### *Rooming Houses*

In the past few months, the City's Housing Secretariat has worked with the local Councillor to secure \$6 million in Section 37 funding for repairs on several rooming houses in Ward 13. An interdivisional working group including Tenants First, the Housing Secretariat and SSHA will develop and implement a long-term plan for the transfer of the properties to Dixon Hall.

#### **4. TCHC Operational Changes**

TCHC's recent operational changes are aligned with the overall goals and objectives of the Tenants First project. The City is supportive of TCHC's efforts to improve services to tenants through a new, decentralized operating model. Implemented in Q1 and Q2 of 2020, this model is bringing services closer to tenants through the implementation of over 100 Tenant Service Hubs located in TCHC buildings across the city. These hubs serve as the single point of contact for tenants to engage with TCHC staff and have their needs met. The consolidation of the former Asset Management and Tenant Community Services division under the COO ensures that senior leaders in the Operations division have accountability for the full scope of housing services. The changes are promoting a solution-oriented approach from senior leadership to front-line staff. The implementation of service standards and service quality metrics enables staff to track and measure the quality of service being provided to tenants, along with other more quantitative measures already in place. Tenants will have a strong role to play in assessing the quality of service they are receiving, through their annual participation in the service quality metrics processes.

In alignment with the restructuring, TCHC has shifted a portion of its contract managed portfolio into the direct managed service model. The 3,831 units in the West Region previously managed by Del are transitioning back into the direct managed portfolio. The changes will be complete by the end of 2020. TCHC has assigned oversight for the remaining property management services delivered by third party vendors to the General Managers in the Central and East Regions to ensure consistent tenant-centered service delivery across the company. TCHC continues to consider the cost-benefit analysis for the remainder of the contract managed portfolio, and to focus on ensuring that the contracted property management companies are providing tenants with the required services as outlined in their contracts with TCHC.

#### **5. Mandate of TCHC**

Issued in 2013, TCHC's Shareholder Direction contains content which is out of date and refers to functions that no longer form part of TCHC's core business. In updating the Shareholder Direction, the City aims to reflect the current relationship between itself and TCHC.

In an effort to improve service to tenants, Tenants First and TCHC have worked collaboratively to refine the mandate and focus on TCHC's core responsibilities to ensure TCHC's funding is aligned with the City's expectations. A substantive update on the mandate work was provided in 2019.EX7.1.

As outlined in 2019.EX7.1, the City and TCHC agree on most responsibilities reflected in the current mandate. However, six outstanding areas of shared interest exist where TCHC's business either directly impacts City services or exist within the purview of the City to direct as sole shareholder. These six areas of shared interest are key to the success of TCHC's core business:

- Tenant Directors on the TCHC Board of Directors
- Eviction Prevention

- Community Safety
- High Needs Buildings and work with High Needs tenants
- Engagement System
- Use of Community Space

## **2021 Mandate Direction Document**

In order to effectively deliver its core business, TCHC is required to work closely with the City to manage challenges and meet City-wide objectives. To guide that work, this report seeks Council approval of the practice of appending an annual mandate direction document to the revised Shareholder Direction. This report also seeks Council approval of a 2021 Mandate Direction Document (Attachment 1).

This mandate direction document will highlight areas of shared interest and actions for the year and will be prepared annually by the City in collaboration with TCHC and approved annually by City Council, the document can accurately capture areas of shared interest as TCHC's operating environment changes. The 2021 mandate direction lists priority actions for 2021. For example, it directs TCHC to report on key outcomes of the newly created Tenant Resolutions Office for 2021. This office is a specialized service set up within TCHC to escalate and resolve issues arising out of complex tenancies.

It is important to note that TCHC is currently conducting a review of community spaces, which has been removed from the list of joint interest areas for the time being. Additionally, there have been key actions added regarding TCHC's work to develop its own Confronting Anti-Black Racism Action Plan and supporting the Integrated Service Model as these are the Shareholder's key priorities for TCHC in 2021.

## **6. Improving Services to Senior Tenants – an Update on the Implementation of the Integrated Service Model and the new Accountability Framework**

In response to challenges faced by older tenants in the seniors-designated buildings, and to build on the progress made by TCHC to date, the City of Toronto partnered with TCHC and the TC LHIN in 2018 to design an Integrated Service Model. This model brings about new ways of interacting with and supporting senior tenants, with the ultimate goal of ensuring tenants can age in place with dignity, in comfort and with access to necessary supports.

The Integrated Service Model has three core objectives:

1. Foster relationships of trust between senior tenants and housing staff;
2. Improve the delivery of housing services, with an increased focus on issues that impact seniors' housing stability; and
3. Increase access to health and community support services through enhanced partnerships with community agencies and integration of programs directly in TCHC buildings.

As part of the expanded mandate of the Seniors Services and Long-Term Care (SSLTC) division, Toronto City Council directed SSLTC to oversee the implementation of the ISM in the 83 seniors-designated buildings (2019 EX7.1). In doing so, staff were



directed to develop an accountability framework that outlines the parameters and requirements to evaluate the ISM, and provides the basis for a transparent and effective accountability relationship between the Seniors Housing Unit and the City.

## **Developing the ISM and Accountability Framework**

In partnership with Sunnybrook Research Institute, supported by a Canada Mortgage and Housing Corporation grant, robust research activities and consultations with senior tenants, frontline staff, and community partners were undertaken to better understand the housing needs of older tenants and ensure that these needs would be met through the ISM. Specific activities undertaken include:

- Literature review of research on seniors and social housing models;
- Environmental scan of seniors social housing models;
- In-depth interviews with 116 diverse older TCHC tenants and community support service providers working in the seniors buildings;
- Meetings with over 15 community partners;
- Consensus-building session with 74 stakeholders from primary care, home care, community services, housing, municipal and provincial government, and advocacy bodies;
- Presentations to over 10 Tables/Committees/Conferences.

In addition to external research, TCHC's Seniors Housing Unit carried out a series of consultations in the 83 seniors-designated buildings where tenants identified four priorities they wished to see addressed through the ISM:

1. Buildings should be clean, and repairs should be completed in a timely manner;
2. Tenants should have increased access to health services and community supports;
3. Tenants should feel safe in their homes and communities; and
4. Tenants should receive frequent, proactive and respectful communication from staff.

This research and engagement was critical to the development of the ISM. At its core, the ISM implements four key innovations across the 83 seniors-designated buildings:

1. Enhanced staffing model that creates a new tenant-facing support role with reduced staff-to-tenant ratios, and offers advanced training to all housing staff on key issues such as elder abuse, income supports, and dementia;
2. Revised seniors-specific housing policies to better respond to the unique housing challenges faced by older tenants, with particular focus on unit condition, access to services, safety and security, communication, and eviction prevention;
3. Co-location of seniors' health and wellness hubs directly in TCHC seniors' buildings to offer a range of health, social and wellness services through partnerships with community agencies; and
4. Designated Care Coordinators<sup>4</sup> for each building to connect vulnerable tenants to health and community support services, and participate in joint health/housing training and meetings with building staff.

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<sup>4</sup> Care Coordinators are currently funded by the Toronto Central Local Health Integration Network, which is currently transitioning into Ontario Health, and the Ontario Health Teams. Through this transformation, the Care Coordinators are anticipated to move from the LHINs to the local Ontario Health Teams, however the partnership between the City and TCHC/ Seniors Housing Unit is expected to continue.

## **Implementing the ISM**

In order to develop an effective implementation plan, the 83 seniors-designated buildings were divided into 5 regions each representing approximately 20% of the portfolio (Appendix D in the attached ISM Accountability Framework). After identifying the regions, a variety of housing indicators (pest issues, clutter, community safety incidents, arrears, etc.) were examined in order to classify each building's level of need as low, medium or high. These regions and associated needs assessments enabled the creation of a staged implementation process. An overview of the implementation process is provided below; the full implementation plan can be found in Attachment 3.

TCHC will begin implementing Phase 1 of the ISM in 18 buildings of the South East region for a 12-month period beginning in Q4 2020. Phase 1 activities will include the hiring, training and deployment of new staff and the implementation of new policies and procedures related to annual unit inspections, eviction prevention, and referrals to support services. In partnership with TC LHIN, designated Care Coordinators will also be assigned to all buildings in the region during Phase 1.

Phase 2 and beyond will involve implementing the ISM in the four remaining regions. By the end of 2022, the ISM will be fully implemented in all 83 buildings. Lessons learned from the implementation of the ISM in the South East region (Phase 1), including feedback from tenants, staff and ISM partners, will inform implementation planning in other regions.

The implementation of the ISM into the 83 seniors-designated buildings is independent of the creation of the new seniors housing corporation, if approved by Council. When the seniors housing corporation assumes operational responsibility for the 83 seniors-designated buildings, it will be responsible for the ongoing delivery of the ISM and fulfilling the obligations outlined in the Accountability Framework. In the interim, TCHC's Seniors Housing Unit will be implement the Integrated Service Model and be expected to adhere to the requirements in the Accountability Framework.

## **The Accountability Framework**

Seniors Services and Long-Term Care has been directed by City Council to develop an accountability framework to ensure the ISM is achieving its intended outcomes.

The Accountability Framework (Attachment 4) provides the basis for a transparent and effective accountability relationship between the City and TCHC's Seniors Housing Unit, outlining the parameters and requirements for the implementation and evaluation of the ISM to ensure the program is making real and meaningful difference in the lives of senior tenants.

The framework was developed to respond to three guiding questions:

1. *Accountability for What* – considers what TCHC's Seniors Housing Unit is accountable for, namely implementing and monitoring the ISM;

2. *Accountability to Whom* – considers who TCHC's Seniors Housing Unit is accountable to, namely senior tenants residing in the 83 seniors' buildings, Seniors Services and Long-Term Care, and City Council;
3. *Accountability at What Cost* – considers the consequences of not delivering the model as intended, including poor housing outcomes for senior tenants and increased oversight from the City of Toronto.

The Accountability Framework was developed by City staff and informed by engagement with senior tenants, community partners and experts through a partnership with Sunnybrook Research Institute. City staff worked closely with the TCHC's Seniors Housing Unit and other impacted City divisions in the development of the document.

At its core, the Accountability Framework outlines the rationale behind the programmatic components of the ISM, and lays out key performance indicators that will allow the City to assess what components have been delivered, how well they have been implemented, and track whether the ISM is creating better outcomes for senior tenants. These indicators, shown in Section 5 of the Accountability Framework, have been carefully selected in partnership with the TCHC's Seniors Housing Unit, TC LHIN, and other City partners to ensure the ISM's impact can be measured. Additional indicators may be added to the framework in the future, as new opportunities for data collection are identified.

The Accountability Framework also defines a reporting structure to ensure transparent and clear communication between the Seniors Housing Unit and SSLTC.

### **Ongoing Monitoring and Feedback of the ISM**

Through monthly reporting of key performance indicators, City staff will be able to track the impact the ISM is having for senior tenants. This ongoing monitoring and reflection will enable the City, TCHC and TC LHIN to adopt an iterative process whereby successes and lessons learned from the Phase 1 implementation can be incorporated into Phase 2 and beyond.

Ongoing engagement with tenants will be critical to the implementation and evaluation process. In addition to the consultations undertaken through the partnership with the Sunnybrook Research Institute, TCHC's Seniors Housing Unit is currently establishing a 12-15 member Seniors Tenant Advisory Committee (STAC) which will be created by end of Q4 2020. The STAC will specifically look to engage with tenants whose voices are not often heard, including those from equity-seeking groups such as persons with disabilities, women, racialized group(s) /visible minorities/people of colour, LGBTQ2S+, and immigrants and refugees. The group will also have a stated focus on accessibility and addressing concerns and issues raised by those with accessibility needs.

Once established, the STAC is expected to provide feedback on ISM implementation and design. Throughout Phase 1, members of the STAC will engage on a regular basis to provide insight into ISM implementation, while helping to facilitate broader engagement with other senior tenants.

## **7. Seniors Housing Corporation Due Diligence Review**

In July 2019, City Council approved, in principle, the creation of a new seniors housing corporation that would operate and manage TCHC's 83 seniors-only buildings. Council also directed City staff to complete a due diligence exercise to determine whether the creation of this kind of corporation would result in any undue risk to the City, TCHC or the new seniors housing corporation.

Creating a new seniors housing corporation aims to give operational autonomy to a new, mandate-driven corporation to deliver the Integrated Service Model in 83 seniors' buildings owned by TCHC. This transfer also aims to narrow the focus of TCHC so that it can focus on its remaining family-mixed portfolio. Creating a seniors housing corporation will improve oversight and governance of housing services for seniors and will in turn improve the quality of services provided to senior tenants.

The due diligence exercise was carried out with the assumptions that the seniors housing corporation would be responsible for the day-to-day operations of the buildings including managing the tenancies and preventative maintenance whereas TCHC would retain ownership of the buildings as well as responsibility for capital maintenance in accordance with their 10-year capital plan. The due diligence focused on financial, legal, and labour relation risks. Financial due diligence was carried out by City and TCHC staff.

### **Discussion of Financial Due Diligence Review**

As part of the due diligence, City staff completed a financial due diligence review to better understand the potential costs associated with the creation and ongoing operation of a seniors housing corporation and their potential magnitude. TCHC and its Seniors Housing Unit were engaged and provided information and data as part of the process.

The results of the financial due diligence process are outlined in the above Financial Impact section of this report.

### **Discussion of Legal Due Diligence Review**

The City Solicitor's Office, with the assistance and advice from external counsel, have reviewed the restrictions and covenants contained in the loan agreements of TCHC with the various lenders listed below. These restrictions and covenants will need to be addressed in the context of TCHC leasing the 83 buildings that make up its seniors housing portfolio to the new seniors housing corporation. The seniors housing corporation will be a City Service Corporation established under s.148 of the City of Toronto Act, 2006, as a wholly owned subsidiary of the City of Toronto. This plan was also considered alongside the associated implications of TCHC transferring certain single family housing portfolio assets to one or more non-profit housing proponents in sequential transactions at a discounted purchase price from fair market value.

Legal counsel have reviewed the following loan agreements:

- Master Covenant Agreement dated May 11, 2007 between TCHC and TCHC Creditors (the "Master Covenant Agreement");

- Amended and Restated Credit Agreement with Bank of Nova Scotia dated December 1, 2010 (the “BNS Credit Agreement”);
- Amended and Restated Credit Agreement with National Bank of Canada dated February 15, 2018 (the “National Bank Credit Agreement”);
- Nine Financing Agreements with Ontario Infrastructure and Lands Corporation (“OILC”) (collectively, the “OILC Financing Agreements”); and
- CMHC National Housing Co-Investment Credit Agreement dated as of December 20, 2019 (the “CMHC Credit Agreement”), together with Standard Charge Terms 200033 and Schedule of Additional Charge Terms.

There are certain issues to be considered in connection with the leasing of TCHC's seniors housing portfolio to the new seniors housing corporation and the disposition of the single family housing portfolio to non-profit housing proponents which may influence the funding requirements for the new seniors housing corporation, as well as recommendations on steps forward. These issues include the level of rental payments under the leasing arrangements; the required consent of lenders which may require the guarantee by the City of TCHC's indebtedness to the creditors subject to the Master Covenant Agreement, and additional security and covenants to be provided by the seniors housing corporation to ensure that the covenants under the OILC Financing Agreements will be maintained, including, by way of example, a leasehold debenture from the seniors housing corporation which is cross-defaulted with the existing security. Consideration has also been given to the availability of funding under the CMHC Credit Agreement to repair the seniors housing or the single family housing portfolio.

City Legal Services have also retained the services of external legal advisors to provide advice on relevant issues related to human resources and labour relations, including the transfer of bargaining rights to seniors housing corporation; the risk of a related employer application; the implications of an expired collective agreement; notice of layoff obligations; offers of employment; responsibility for termination and severance costs; building services; benefit plans; provincial agreements with trade unions that represent skilled trades; and with respect to certain administrative matters such as shared services and employment policies. While labour laws and obligations under the collective agreements will need to be respected, no significant issues were identified through the review related to human resource and labour relations issues.

The results of the due diligence process substantiated City staff's analysis and will inform the formal creation of a new seniors housing corporation independent from the TCHC to operate social housing designated for seniors in the City of Toronto, and related legal agreements to support its operation.

As directed by Council in 2019.EX7.1, City staff also consulted with former board members of the Metropolitan Toronto Housing Corporation on the creation of a new seniors housing corporation.

## **8. Establishing the Seniors Housing Corporation as a Legal Entity**

Subject to Council approval, the seniors housing corporation will be a City Service Corporation, established under the *City of Toronto Act, 2006*, and Ontario Regulation 609/06, the City Services Corporation Regulation and the *Business Corporations Act*

(Ontario). The Corporation will be responsible for operating 83 seniors-designated buildings containing over 14,000 separate social housing units currently owned and operated by TCHC. This social housing portfolio will be the third largest in Canada, following the TCHC and BC Housing. The mandate and structure of the seniors housing corporation will also allow the corporation's housing portfolio to change and grow over time. Under the proposed arrangement, TCHC will retain title and responsibility for capital work for these buildings in order to maintain current financing and capital funding agreements.

To effectively manage the social housing portfolio and support vulnerable senior tenants, the seniors housing corporation will require multi-disciplinary expertise. Subject to Council approval, the seniors housing corporation's Board will be composed of nine (9) members effective the date of Council appointment, including:

- The Mayor or designate appointed by the Mayor;
- One (1) member of the Housing and Planning Committee of Council or one councillor from the Board of Health;
- Seven (7) public members, including two members who are tenants in the buildings that will be or are currently managed by the seniors housing corporation and one member who shall serve as Chair appointed by City Council.

Recruitment of public board members will target committed community leaders with skills and experience in housing services, property management, corporate governance, finance, organizational development, labour relations, business law, health services, and seniors services. In addition, two public members will be current tenants of the housing portfolio that the seniors housing corporation will manage to assist the board in taking decisions informed by a lived experience perspective. The City's Public Appointments Policy will apply to recruitment, and consideration will be given to diverse and inclusive representation. The Striking Committee process will be following to recruit Council Members to the Board. The overall composition of the seniors housing corporation Board will facilitate strategic and effective decision-making, informed by Council objectives, relevant professional expertise, tenant-centred considerations, diverse perspectives and service coordination efforts.

### **Implementation Directions and Agreements**

Once the seniors housing corporation is established, staff will recommend a shareholder direction for Council approval, an operating agreement for the seniors housing corporation to deliver rent-geared-to-income housing, and guidelines for how the new corporation will be required to fulfill its mandate to implement the ISM and adhere to the ISM Accountability Framework.

- The shareholder direction will articulate the mandate of the seniors housing corporation, governance structure including board authorities, composition, term, remuneration, and accountabilities to City Council.
- The operating agreement negotiated by the General Manager of Shelter, Support and Housing Administration Division, as Service Manager for the City of Toronto under the Housing Services Act, 2011, will be effective the date the seniors housing corporation assumes operational responsibility for the 83 seniors-designated buildings listed in Appendix B using a funding formula based on the TCHC funding model and adjusted to reflect the responsibilities of the seniors housing corporation. In addition, the operating agreement with TCHC will be amended to remove

responsibility for operation of the buildings, but maintain responsibility for all capital work. As a consequence, TCHC's operating subsidy under their operating agreement will be adjusted to reflect their reduced operating responsibilities and capital funding will remain at the current level.

- ISM Accountability Framework requirements will apply to operations of the seniors housing corporation.

### **Ongoing Roles and Responsibilities**

Once the seniors housing corporation is operational, the seniors-designated building operation and maintenance, as well as supports and engagement with tenants, will be carried out by multiple parties. Further, City Council and City Divisions will have oversight roles governed through multiple accountability mechanisms.

City Council will:

- Approve or delegate approval of social housing operating agreements that govern the provision of social housing by the seniors housing corporation and the Toronto Community Housing Corporation.
- Approve or delegate approval of the Integrated Service Model Accountability Framework.
- Approve operating and capital budgets of Shelter, Support and Housing Administration and Seniors Services and Long-Term Care Divisions which include the City's subsidies to each corporation.
- Provide direction to staff as required.
- As shareholder, approve the shareholder direction to the seniors housing corporation and TCHC.
- As shareholder, approve the ISM Accountability Framework requirements applicable to the seniors housing corporation.
- As shareholder, provide additional direction to each corporation as required.

The seniors housing corporation will:

- Deliver the Integrated Service Model in seniors-designated housing, and comply with requirements in the ISM Accountability Framework.
- Deliver rent-geared-to-income housing in the seniors-designated housing, and comply with requirements in the operating agreement with SSHA.
- Comply with the shareholder direction, and any other direction from Council as shareholder.
- Coordinate maintenance, capital work, information and use of shared service platforms with TCHC through agreements or memorandums of understanding.

TCHC will:

- Retain title of, and associated liabilities for, the 83 seniors-designated buildings.
- Deliver the capital program for the senior-designated buildings, and comply with any requirements set out in the TCHC Operating Agreement with the City for this work.
- Comply with the shareholder direction, and any other direction from Council as shareholder.
- Coordinate maintenance, capital work, information and use of shared service platforms with TCHC through agreements or memorandums of understanding.

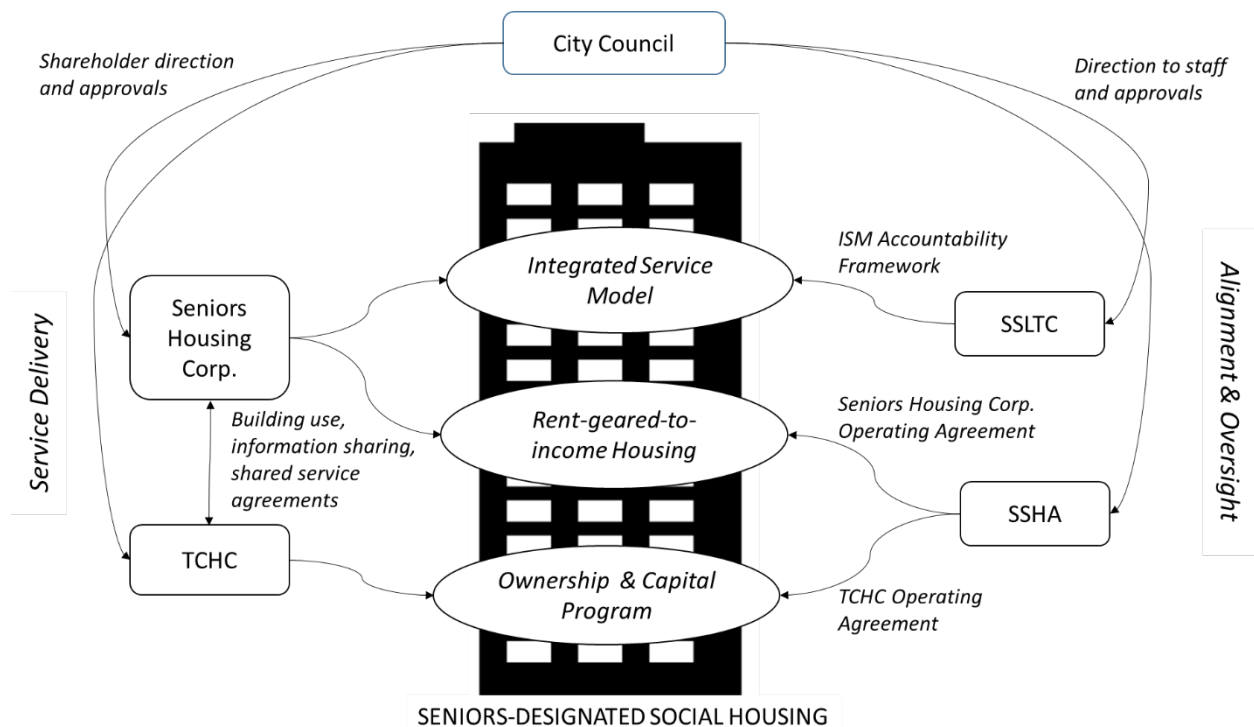
Seniors Services and Long-Term Care Division will:

- Oversee and evaluate the ISM through the Accountability Framework.
- Support partnerships with health services supporting the Integrated Service Model
- Coordinate City services to tenants of seniors-designated housing.
- Implement any further direction from City Council related to the Integrated Service Model.

Shelter, Support and Housing Administration Division will:

- Provide oversight for the Operating Agreements for the seniors housing corporation and TCHC.
- Administration, under the *Housing Services Act*, of all rent geared-to-income units at the seniors housing corporation and TCHC including the administration of funding
- Submit operating and capital budgets for Council approval that would provide subsidies to the seniors housing corporation and TCHC.
- Implement any further direction from City Council related to the provision of seniors-designated housing.

Figure 1 - Ongoing Roles and Responsibilities related to the Seniors Housing Corporation





## Phasing Plan for Creating Seniors Housing Corporation

Table 4 - Phasing Plan for Creating Seniors Housing Corporation

PHASE	Phase 1: Establish (4 – 6 months)	Phase 2: Start-Up and Transition (12 – 18 months)	Phase 3: Operations
Key Activities	<ul style="list-style-type: none"> <li>• Legal work to incorporate</li> <li>• Interim Board appointed</li> <li>• Public meeting as required</li> <li>• Begin recruitment for permanent Board</li> <li>• Begin recruitment for Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>• Hiring key corporation executive team members</li> <li>• Project management including shared services review and negotiation</li> <li>• Review of contracts (service and other)</li> <li>• Preparation for transfer of tenancies, staff and contracts</li> </ul>	<ul style="list-style-type: none"> <li>• Operations of Seniors Housing Unit transferred to seniors housing corporation</li> <li>• Hire additional staff as required</li> <li>• Transfer of operational funding from TCHC to the seniors housing corporation</li> </ul>

Given that the ongoing pandemic and associated recovery and rebuild period is anticipated to extend into 2021, this report recommends that City Council delay launching the seniors housing corporation until the COVID situation has stabilized. An update will be provided to City Council by the spring of 2021 with recommended timing on creating the seniors housing corporation.

Between now and spring 2021 there are a number of preparatory activities that the City and TCHC will undertake to facilitate the quick start of phase 1 once City Council gives direction on timelines. These activities include beginning: a review of contracts and potential shared services; the development of business processes for transfer of operations; and the development of a Shareholder Direction for the seniors housing corporation.

### 9. Exploring Options for the Office of the Commissioner of Housing Equity

The Office of the Commissioner of Housing Equity (OCHE) plays a critical role in supporting vulnerable and senior TCHC tenants facing evictions, enabling them to remain housed and addressing their arrears. The OCHE delivers three key roles:

1. *Review* files to ensure TCHC has followed proper processes
2. *Resolve* rental arrears and loss of subsidies through case management; and
3. *Recommend* changes to procedures to the TCHC Board

The OCHE has been successful in reviewing and resolving tenancy issues through specialized service but has experienced some internal challenges with receiving proper referrals of vulnerable tenants.

Further details about the creation of the OCHE and a summary of findings about the roles and functions of the OCHE can be found in Attachment 5.

Once a seniors housing corporation is established, the City will need to ensure that the key roles and functions of the OCHE be available to all vulnerable tenants of both TCHC and the new seniors housing corporation.

However, given that City Council, in its adoption of the City's 10 year housing plan "HousingTO 2020-2030 Action Plan" directed the establishment of a Housing Commissioner role or function within the City to work with City divisions, agencies and corporations to review housing programs and policies to ensure that they align with and advance a human rights-based approach to housing, staff are recommending that the review of the OCHE functions be integrated into that review to ensure that where appropriate, functions and responsibilities are aligned.

## **10. Scattered Portfolio - Results of RFP**

TCHC's full portfolio of 58,500 units is comprised of a range of different building types including high-rise buildings, low-rise buildings, townhouses and many scattered houses. The scattered house portfolio consists of 623 stand-alone homes with a total of 729 units. These houses are located in neighbourhoods across the city and are more integrated within their local communities. Given their dispersed nature and that the homes are not located within larger TCHC communities, TCHC has encountered challenges in operating and maintaining them. It has also struggled with engaging successfully with tenants living in those homes.

As part of 2018.EX30.2, City Council directed the Deputy City Manager, Community and Social Services, working in collaboration with TCHC to initiate a Request for Proposals (RFP) process to transfer the scattered portfolio to a new non-profit housing provider(s) while ensuring the portfolio is operated by a non-profit organization and maintained for use as affordable housing in perpetuity. The transfer of these homes to a new non-profit provider(s) and the use of appropriate accountability tools by the City will ensure ongoing affordability and stewardship of these important affordable housing assets while improving the condition of houses as well as increasing tenant engagement.

The direction to issue an RFP was based on the results of a market sounding exercise and a Request for Expressions of Interest (REOI) released to the non-profit housing sector in 2017. The results of the REOI process are discussed in more detail in 2018.EX30.2.

Working collaboratively with TCHC, SSHA, Real Estate Services, Housing Secretariat, and City Legal, Tenants First initiated the creation of an RFP process for the scattered houses in 2018. Tenants First also retained a procurement consultant to support the development of the call document as well as to ensure a fair process.

The RFP to transfer ownership and operation of TCHC's scattered portfolio was released on October 31, 2019, on the City's and TCHC's websites. The RFP included the following features to address the key issues that emerged during the call document's creation:

- The 623 properties were grouped into six bundles of 14 to 201 homes based on geography to allow for a range of providers from smaller neighbourhood groups to larger housing providers to submit proposals. Potential proponents could submit bids for as many bundles as they wished.
- As part of the terms of the RFP to protect the houses as affordable housing, a Social Housing Agreement developed by City Legal Services in consultation with SSHA will be registered on title to each address requiring City consent to sell or redevelop the property, as well as listing remedies for breach that align with those outlined in the City of Toronto Act, 2006, and the Housing Services Act, 2011.
- Pricing by bundle set to cover any outstanding mortgage costs as well as any transaction costs to be incurred by TCHC.
- The potential for the City to stratify the land and air rights for a subset of the properties to protect properties that may have development potential in the future (more on this below).

A review team was assembled, made up of staff from Tenants First, TCHC, SSHA and the Housing Secretariat, and a deadline for potential proponents to submit proposals was set for February 12, 2020. The RFP was structured with a two-stage review process in which the review team evaluated proponents' initial proposals, and then asked the two highest ranked proponents per bundle to submit updated proposals and final pricing. This evaluation process is known as a best and final offer (BAFO). The BAFO offers were then subsequently evaluated by the review team to come to a final ranking.

Based on the results of the BAFO evaluation as outlined in Confidential Attachment 1, staff are recommending that City Council direct the TCHC Board to negotiate an agreement of purchase and sale with the selected proponents(s) for a price no lower than minimum price outlined in Confidential Attachment 1. One of the conditions of the closing is that the selected proponent(s) enter into in a Social Housing Agreement with the City that will be registered on title.

The RFP released in 2019 contained a reference to the City potentially stratifying air rights over a small subset of the Scattered Housing Portfolio that may have some future development potential. Accordingly, Corporate Real Estate Management staff undertook a review of the Scattered Housing Portfolio and found that, while a small number might have future development potential, it was reasoned that City interests are protected by the provisions already outlined in this report and via the planning process.

### **Costs Associated with the Transfer**

There are two main costs which are further detailed in the Financial Impact Statement to the City associated with the transfer of the TCHC scattered houses to the selected RFP proponent(s): one-time transition costs and ongoing incremental operating costs.

#### **One-time transition costs**

The transfer of 623 properties requires dedicated staffing resources at the City and at TCHC to ensure they are completed in a timely manner. The City will require one full-time equivalent (FTE) project manager for 12 to 18 months and TCHC will also require

one full-time equivalent project manager and legal support for 12 to 18 months. Both the City and TCHC will utilize existing resources to support the transfer.

### **Ongoing operating costs**

As part of the transfer process, the selected proponent(s) will need to enter into a Rent Supplement/RGI Service Agreement with the City to be administered by SSHA as the Service Manager. As part of TCHC's permanent funding model, TCHC receives 75% of the City-wide Average Market Rent through a combination of tenant rents and the City's subsidy through a rent supplement. When the scattered units transfer to the selected proponent(s), the Rent Supplement agreement will be for 100% of AMR resulting in a net increase to the City's overall subsidy for these units.

Rent supplements at 100% of AMR are required given the capital backlog associated with the homes, to improve overall customer service with improved staffing with the selected proponent(s) as well as the loss of some economies of scale under TCHC (e.g. insurance, other maintenance contracts, etc.). The selected proponent(s) has been very clear that the transfer is not viable unless they can capture 100% of AMR for the units within the scattered houses portfolio.

The net increase in the City's overall subsidy to these units for 2021 will be accommodated within existing resources of SSHA. The costs beyond 2021 should be covered by anticipated increases to the Canada-Ontario Community Housing initiative funding.

### **Engagement with Scattered Tenants**

The Tenants First team has engaged with the scattered tenants regularly since January 2018 when City Council directed staff to initiate the RFP process to transfer the homes. Key engagement activities included:

- Outreach to tenants in early 2018 via rapid response phone message, text message and mail regarding two meetings held in March 2018 (one at City Hall and one in Scarborough)
- The creation of an email list of 100 scattered tenants
- The creation of a network for scattered tenants in 2018 supported by St. Stephen's Community House through a one-year \$75,000 grant from SDFA
  - The purpose of the network was to better connect the tenants of the scattered homes to each other in advance of the transfer and to engage with them including on their expectations from a new landlord
  - Tenants First Tenants Advisory Panel engaged in the review of proposals and the decision of the final agency proponent
  - Hiring of two sets of 4 peers by St. Stephen's to support the creation of the network
  - Tenants First attending a series of meetings organized by the Scattered Tenants Network during fall 2019
- Email notifications going out to Tenants First mailing lists and the Network regarding the release of the RFP in fall 2019
- Responding to emails and phone calls from tenants regarding the RFP

The RFP also incorporated feedback from the Network of Scattered Tenants to inform the potential proponents of the tenants' priorities and expectations. Additionally, as part of the RFP, proponents were required as part of their submissions to include a tenant engagement plan and tenant responsiveness plan.

Engaging with the tenants of the scattered portfolio is an important feature of the transfer. The selected proponent(s) will be required to begin engaging with tenants in the early phases of the transfer process. Additionally, once the details of the identity of the selected proponent(s) can be shared, City staff will inform the tenants of this information and provide a contact information for the selected proponent(s).

It is understandable that this transition process is challenging for some tenants and has in some cases created a sense of uncertainty. City staff will continue to provide information and be transparent about the process of transfer and the timelines associated with the transfer through communication with individual tenants and through the existing scattered tenant network.

### **Transition Plan and Next Steps**

The completion of the RFP process is a significant step in the overall process to transfer TCHC's scattered portfolio to the non-profit housing sector. After negotiations with the selected proponent(s) are complete and the new provider(s) are confirmed, the City, TCHC and the new provider(s) will work together on a transition plan for the transfer of the properties taking into account the need for tenant engagement as outlined above, the legal work required to issue the agreements of purchase and sale, due diligence periods, negotiating any operating agreements or subsequent agreements, and the transaction close periods. It is currently anticipated that the transfers will not close until at least late 2021 or early 2022.

## **11. Transfers of TCHC Agency Houses, Rooming Houses, and Uninhabitable Houses**

In staff report 2018.EX 30.2, Council approved the transfer of TCHC agency, rooming houses and uninhabitable houses to non-profit housing providers. Since 2018, TCHC and City staff have worked to transfer these properties.

Several properties were left off the Council-approved list of Agency and Rooming Houses. This report recommends adding those left off in error to the approved list of TCHC houses to transfer to the organizations currently occupying them and the lead rooming house support agency in the case of 41 D'Arcy Street.

This report also seeks to reclassify some properties that were initially part of a different property list so TCHC and the City can work to transfer them to the appropriate organization. These properties include:

- Properties originally listed as uninhabitable but are in fact tenanted and should of been part of the scattered portfolio
- Uninhabitable properties that are vacant and remain unallocated through the process developed to transferred uninhabitable homes to non-profit housing providers

- Agency houses that organizations do not want to pursue acquiring

## **12. Conclusion**

Since adopting the Tenants First Implementation Plan: Phase 1 in 2017, City Council has adopted a series of actions to effect long-term sustainable change for TCHC. This direction ultimately focuses on either improving or enhancing services to seniors or vulnerable tenants, or narrowing TCHC's focus with a clearer mandate and direction operational responsibility for a smaller portfolio of units.

Transforming TCHC is a long-term endeavour, at times vulnerable to external factors beyond the City's control. This year, the COVID-19 pandemic and associated recovery and rebuild period brought with it a necessary triaging of City financial and staffing resources across the entire City public service. Specifically, it has necessitated a delay in creating the seniors housing corporation. Until the current COVID-19 situation stabilizes, TCHC and City staff remain committed to improving outcomes for tenants through implementing the Integrated Service Model for senior tenants, as well as updating and documenting the City's long-term and annual direction to TCHC. The City will also continue to move forward on narrowing TCHC's focus by moving forward in transferring TCHC's scattered portfolio of houses to the selected RFP proponents.

## **CONTACT**

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## **SIGNATURE**

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Giuliana Carbone  
Deputy City Manager, Community and Social Services

## **ATTACHMENTS**

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Attachment 1 – 2021 Mandate Direction Document  
Attachment 2 – Process to Select Tenant Directors to the TCHC Board of Directors  
Attachment 3 – Integrated Service Model Implementation Plan  
Attachment 4 – Accountability Framework for the Integrated Service Model

Attachment 5 – Overview of the Office of the Commissioner of Housing Equity and Review of Functions and Roles

Attachment 6 – List of TCHC Scattered Houses by Bundle

Attachment 7 – TCHC Scattered Properties to be Reclassified

Confidential Attachment 1 - Selected Proponent(s) from the RFP Process