



Toronto Seniors Housing Corporation Transition – Status Report

Item 2

January 27, 2022

Board of Directors

Report: TCHC:2022-01

To: Board of Directors (the “Board”)

From: President and Chief Executive Officer

Date: January 20, 2022

PURPOSE:

The purpose of this report is to provide the Board with a status update on the transition process for all project components of the transfer of the operations of the 83 Seniors-designated buildings to the Toronto Seniors Housing Corporation (“TSHC”).

RECOMMENDATIONS:

It is recommended that the Board receive this report for information.

BACKGROUND:

With adoption of EX23.4, “Implementing Tenants First: Creating a Seniors Housing Corporation” by City Council on May 5, 2021, Council directed City staff to take all necessary steps to incorporate the TSHC. The TSHC was incorporated in late June, the TSHC Board of Directors have been meeting monthly, and interim staff have been hired. Toronto Community Housing (“TCHC”) and TSHC are working closely together to ensure that all transition efforts are well coordinated between the two corporations.

In EX23.4, City Council directed the TCHC and TSHC Boards to adhere to set of principles in negotiating and finalizing the agreements governing the transition as follows:

- a) promote the common interests of tenants and City objectives;
- b) minimize disruption to tenants;
- c) minimize financial impacts on the City;
- d) ensure compliance with existing Toronto Community Housing Corporation capital funding and borrowing agreements;
- e) mitigate business and operational risks for both corporations during a transition period; this may include the Toronto Community Housing Corporation supporting the Toronto Seniors Housing Corporation administrative functions in the short term where feasible, as Toronto Seniors Housing Corporation builds capacity; and
- f) ensure the capital needs of seniors-designated buildings are assessed and resourced at a level similar to that of comparable buildings in the Toronto Community Housing Corporation's portfolio.

To ensure a smooth transition, the City identified the need for a joint project governance structure. This structure is meant to support joint project work, and to ensure that staff from both corporations can benefit from advice and support from an executive advisory group made up of the City Manager and the CEOs of TCHC and TSHC. This structure also ensures that TCHC and TSHC are able to engage in negotiations between themselves, and that each individual corporation's project team is accountable to their respective executive teams and Boards.

Progress on major milestones continues to be on track, with a target date for the transfer of the operational responsibility for the 83 Seniors designated buildings to TSHC on June 1, 2022.

Management from both corporations, in collaboration with City staff, have identified the following four work streams: 1. Shared Services between TCHC and TSHC; 2. The Lease agreement by which TSHC will lease the buildings from TCHC and thereby become the tenants' landlord; 3. The transfer of employees currently responsible for seniors tenants at TCHC to TSHC, 4. Subsidy and financial agreement between TCHC, City of Toronto and TSHC to identify the funding amounts and sources that will make up TSHC's post transition operating budget.

The Executive Steering Committee for the project meets weekly, and the executive teams from both TCHC and TSHC meet bi-weekly to discuss project progress, to problem solve and manage risks. A joint decision-making

framework has recently been implemented that enables staff from both corporations to work quickly and collaboratively to propose solutions to emerging issues for review and approval by both CEOs, and to inform material going forward to both Boards. Additionally, the Deputy City Manager, TSHC Transition Lead and TCHC CEO meet on a weekly basis to monitor project status.

UPDATES:

Tenancy Transfers

The primary functions of the Tenancy Transfer work stream are to determine TCHC's obligations to residential tenants throughout the transition and develop a plan to manage the transfer of their tenancies with a minimum of disruption. Core priorities include:

- determining how information related to residential tenancies will be transferred to TSHC;
- providing support and advice to TSHC as it assumes its role as a landlord;
- developing a communication and support plan for residential tenants related to their transition to a new landlord; and
- informing staff of process changes in a timely manner to ensure tenants are adequately supported.

In an effort to minimize disruption to tenants, TCHC Management, in collaboration with the TSHC transition team have prioritized identifying the immediate impact to tenants upon transition and are developing a draft formal communication, scheduled for early March, 2022 that builds off earlier communications to tenants distributed in the fall of 2021.

Within this communication, tenants will be informed that their landlord will be changing and how they can continue to access services and support. Tenants will also be invited to attend one of several tenant information sessions planned prior the June 1st transition. TCHC and TSHC, in coordination with the City and Senior Tenants Advisory Committee ("STAC") are working to develop robust tenant engagement related to the transition and ensure tenants are provided with necessary information well in advance and through multiple channels.

In addition, TCHC is focusing on the transfer of agreements and information to TSHC related to tenancy management. It is well established that TSHC will be able to assume the existing tenant leases and all the rights and responsibilities of being a landlord, however other agreements with tenants (such as automatic rent withdrawal) require further analysis.

Service Delivery Agreement and June 1 Transition Planning

TCHC is working, in collaboration with TSHC and the City of Toronto's consultant, MNP, to define the corporate functions and tenant-facing operations model that will outline the services to be delivered directly by TSHC and those which can be delivered, on behalf of TSHC, by TCHC. With the decisions made through this process, TCHC and TSHC will negotiate a Service Delivery Agreement that will detail the agreed upon the service model, costing and billing for those services, and what services will be provided on a short term basis to maintain business continuity and what will be provided under a longer term service delivery model.

MNP Update

TCHC continues to work in partnership with MNP and TSHC to define the corporate functions and tenant-facing operations model. MNP has taken a phased approach to analyze and assess the model relative to the scope of TSHC direct service or TCHC service delivery. Phase 1 of the process is now complete and we are approaching the end of phase 2.

As previously reported at the December 9, 2021 Board meeting (Report TCHC:2021-90), key principles were established for the assessment of services for the functional service delivery model along with a draft of TSHC's functional service model that is based on TCHC's functional service model.

As part of the Phase 1 process, the following corporate functions were assessed:

- Finance
- Human Resources
- Information Technology Services
- Legal
- Strategic Planning and Communications

Supporting documents were provided to MNP for review and discovery workshops with key business owners were held to discuss and design the

service delivery possibilities. These discovery workshops included TCHC and TSHC staff attendance and focused on corporate services and business units within Operations. In some cases, a series of meetings were held to provide an opportunity for TCHC to support knowledge transfer to TSHC particularly for areas where TSHC will need to build corporate capacity. The findings and assessment summary of each of the five functions will inform MNP's final report.

As IT systems underpin all aspects of this work, a concerted effort to manage the transition and sharing of IT services has been developing in parallel to the MNP and working group efforts. A joint approach to the transition and sharing of ITS services has been developed and agreed to by both organizations. TCHC and TSHC continue to work collaboratively to ensure a smooth transition on this front.

ITS efforts can be categorized into 4 areas:

- Core Operational System (HoMES)
- HR Systems
- Other business applications (ServiceNow, Bonfire etc)
- Email, Shared Drives, Identity Management

TCHC ITS staff have so far:

- Engaged Yardi and developed Scope of Work in partnership with TSHC for changes required to HoMES
- Engaged Ceridian (Payroll and HRIS) and conducting discovery with vendor, TSHC and TCHC to determine changes required to Ceridian
- On-boarded a dedicated Project Manager to manage the IT integrated project plan
- Conducted internal review of other technologies to determine what, if any, changes may be required to support the transition

The next stage for the Service Delivery and Transition work is to continue to work with TSHC and MNP through finalizing the operating services currently delivered by TCHC and operating services currently delivered by SHU and to propose a short and long term approach to the agreement.

Future priorities include finalizing the service agreement framework, engaging with external legal counsel for legal analysis of the framework and drafting agreement provisions, and finalizing the implementation plan to execute the operational and business changes associated with this work.

It is anticipated that post-transition TCHC will require new functions/roles to interface and manage the agreements with TSHC, as such, the working group is also developing an approach for governance and reporting framework for managing this relationship.

With the onset of the omicron variant and the latest COVID-19 outbreak, the working group will continue to monitor the increased pressures associated with the impacts of COVID-19 on business continuity and meeting the June 1 deadline.

Communications

TCHC and TSHC are working together to plan, coordinate and deliver communications to employees, tenants and stakeholders about the transition to TSHC. TCHC is working in collaboration with TSHC and the City of Toronto to execute the joint communications plan.

Since the last status report to the Board of Directors on December 9, 2021, Management, in partnerships with TSHC, finalized the TSHC 2022 communications campaign strategy, TSHC's interim brand and visual identity, and the detailed work plan. The central theme and foundation for the 2022 campaign strategy is a commitment to a smooth transition with minimal disruption to tenants and staff by providing relevant and timely information about the transition.

As part of this process, the Management reviewed and incorporated feedback from the Senior Tenants Advisory Committee ("STAC") and tenant focus groups on transition communications co-led by TCHC and the TSHC Transition Team. The feedback is reflected in our communications strategy, messaging, and the interim brand and visual identity. We are committed to continued joint engagement with a broad cross-section of tenants, including focused engagement with STAC on our communications.

The next stage is the launch of the 2022 communications campaign with a Q&A article in the upcoming Seniors Speak newsletter distributed to SHU tenants, which will answer some key tenant questions about the transition. This will be published in early March, and will likely be distributed around the same time as a formal notice letter to tenants. TCHC is currently working to draft the letter and determine what information is required in the notice.

IMPLICATIONS AND RISKS:

The Seniors Housing Corporation Transition project is proceeding under an aggressive timeline, and significant work is required to ensure a successful transition on June 1. Many areas of work include business process changes, negotiations with existing TCHC vendors, changes to contracts, and IT system architecture adjustments. Due to the complexity of the project, work is underway in many parallel streams.

TCHC and TSHC have coordinated with the City’s Financial Planning team and Shelter Support and housing Administration Division to identify incremental costs associated with the transition work. Financial implications associated with implementing the transition of the operations of the 83 seniors-designated buildings to the TSHC are significant, given the aggressive timeline for the project. These costs and other items have been included in TCHC’s 2022 budget as one-time expenses.

SIGNATURE:

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