

Toronto Community Housing



## Office of the Commissioner of Housing Equity (“OCHE”) Bi-Annual Update – July 1 to December 31, 2023

Item 7

April 11, 2024

Tenant Services Committee

**Report: TSC:2024-13****To:** Tenant Services Committee (“TSC”)**From:** Interim Commissioner of Housing Equity**Date:** March 28, 2024

### **PURPOSE:**

The purpose of this report is to provide the Tenant Services Committee (“TSC”) and the Board of Directors with the Office of the Commissioner of Housing Equity’s (“OCHE”) Bi-Annual Update for the period of July 1 to December 31, 2023.

### **RECOMMENDATIONS:**

It is recommended that the TSC receive this report for information and forward it to the Board of Directors for its information.

### **REASONS FOR RECOMMENDATIONS:**

The Bi-Annual Update highlights the OCHE’s case management, audit, and policy work through the period of July 1 to December 31, 2023 and focuses on the work metrics as outlined in the Board-approved 2023 OCHE Work Plan.

### **IMPLICATIONS AND RISKS:**

The OCHE provides the Board with oversight of TCHC’s operations related to evictions due to arrears of rent and ensures that tenants avoid eviction

where possible. The OCHE reports regularly on its activities and TCHC's performance in the areas within OCHE's jurisdiction. This regular reporting by the OCHE ensures the Board is aware of the OCHE's activities taken on its behalf and that they continue to align with the goals of the Board and TCHC.

**SIGNATURE:**

*"Melanie Martin"*

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Melanie Martin  
Interim Commissioner of Housing Equity

**ATTACHMENT:**

1. Bi-Annual Report – July 1 to December 31, 2023

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Item 7 – Office of the Commissioner of Housing (“OCHE”) Bi-Annual Update  
– July to December 2023  
Public TSC Meeting – April 11, 2024  
Report #: TSC:2024-13  
**Attachment 1**

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## **INTRODUCTION – JULY 1 TO DECEMBER 31, 2023**

In this report, the OCHE provides systemic recommendations based on the data collected for the period of July 1 to December 31, 2023. In this period, the OCHE continued to work with TCHC toward the implementation of the Commissioner’s systemic recommendations outlined in the OCHE Bi-Annual Report January 1 to June 30, 2023. You will find a progress report included in Appendix 1.

As in our previous Bi-Annual Report, the OCHE has presented the arrears totals in categories which differentiate a sub-set of arrears which are larger due to the issues arising from the Covid-19 Pandemic. By separating these arrears from newer arrears, it will allow TCHC to evaluate the success of the new Arrears Collection Process, once it is introduced in 2024.

In this Report, the OCHE has provided an analysis of breached Local Repayment Agreements (“LRA”)s to enhance the picture of how arrears are accumulating across the Portfolio. It is imperative that Tenants remain in good standing with their LRAs in order for this to be an effective tool to manage arrears. The reason for looking more closely into breaches, is to support TCHC to collect arrears through successful and sustainable LRAs and ensure successful tenancies.

In 2023, the OCHE completed 25 individual training sessions to an average of 150 TCHC frontline staff per topic. The training covered the following subject areas: the Stage 1 Checklist, Budgeting and Brokering Local Repayment Agreements, Documentation Standards and accessing the Housing Stabilization Fund. The feedback from staff has been positive. In providing this training, the goal was to reduce the number of files that required an OCHE intervention. As the number of files referred to the OCHE decreased by approximately one third in 2023, this training appears to be helping.

In 2023, the OCHE also provided 16 Case Conferencing sessions to TCHC staff where they were invited to discuss their cases with Early Resolution Officers (“ERO”)s. This achieved two important goals:

1. Improving relations between TCHC front line staff and EROs
2. Identifying relevant topics for training throughout 2023.

In 2024, the OCHE plans to continue offering these case conferences to frontline staff. The OCHE reviewed the success of these sessions and

determined that improvements could be made to ensure these continue to be well attended and relevant. Starting in March 2024, case conferences will resume once per month and staff from all regions will attend the same session. Additionally, in 2023 the OCHE noted staff had questions about a variety of tenancy management issues separate from arrears collection. Therefore, in 2024, case conferences will be attended by Program Services so that frontline staff will be able to gain feedback and support on topics beyond the OCHE scope.

## **1.0 REFERRALS TO THE OCHE**

The OCHE received 468 referrals from TCHC between July 1 and December 31, 2023.

Of those referrals:

- 90 were sent back (discussed on page 6 of this report)
- 77 were breach files<sup>1</sup>
  - Of the breach referrals, 51 files were sent back having found no exceptional circumstances and TCHC was advised to proceed with filing an L1 Application at the LTB.
- 301 were opened as Stage 1 Referrals and assigned to an ERO.

The number of files sent back to TCHC decreased by 21% (115/90) compared to the last reporting period<sup>2</sup> (see chart below). This indicates that the implementation of the Stage 1 Checklist, which required ACP compliance in advance the OCHE assigning the file to an ERO is working to assist front line staff to ensure all the steps of the ACP are followed before sending the file to the OCHE. When the new ACP is rolled out in Q2 2024, the OCHE is optimistic that further reductions in referrals will be noted as more work is completed in the Regions negating the need for an OCHE referral.

Despite the new ACP training not being completed in this period, it should be noted that referrals to the OCHE were reduced by 30% in 2023 (585/802) when comparing referrals received from TCHC in 2022 (846). This reduction can be attributed to the introduction of the Stage 1 Checklist; training on how

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<sup>1</sup> A breach referral occurs when a Tenant has been assisted by the OCHE and entered into a Local Repayment Agreement (LRA) and the OCHE brokered LRA has been breached.

<sup>2</sup> Of the 90 files sent back this period to TCHC, 22 were re-referred to OCHE.

to use the checklist; and the work with tenants on social assistance to manage their arrears at the local level.

In 2024, the OCHE has begun screening for compliance with TCHC’s Loss of Subsidy Process. In this way, it is expected that frontline staff capacity will increase further and the need for an OCHE referral will be reserved for only those files which require additional support that cannot be provided in the Regions.

Monitoring the success of the Stage 1 Checklist has resulted in a decreased number of referrals coming to the OCHE as compared to 2023. TCHC may wish to provide additional data including how many files that did not come to the OCHE, had Tenants who were set up on pay-direct from Social Assistance and/or the arrears were addressed in full, or in part by the Housing Stabilization Fund.

	<b>2022</b>	<b>2023</b>
<b>Total files referred to OCHE</b>	962	802
<b>Total files sent back to TCHC</b>	116	217

## **Stage 1 Referrals July 1 to December 31, 2023**

301 Households were assigned to an ERO to stabilize the tenancy, and to be audited for compliance with the TCHC Eviction Prevention Policy and Arrears Collection Process. To identify trends, the OCHE categorized the referrals under the senior<sup>3</sup>, family and vulnerable<sup>4</sup> banners.

These referrals included:

- 66 Senior Households
- 202 Households from the Family Portfolio
- 33 Vulnerable Households

### **1.1 REFERRALS SENT BACK TO TCHC**

In early 2023, the Stage 1 Checklist was implemented, which changed the way the OCHE reviews files from TCHC. Instead of reviewing any file referred to the OCHE and outlining the errors found in the application of the ACP upon completion of the file, the OCHE began sending back any file where the ACP was not followed properly in lieu of assigning it to an ERO.

The most common reason to return files to TCHC was the failure to access the Housing Stabilization Fund (HSF), for Tenants who were in receipt of social assistance. The expectation is that TCHC submits an application for funds to the HSF and obtains an outcome (approval or denial) in advance of referring the file to the OCHE.

Files were also returned when the Tenant was not offered an LRA or there was insufficient contact made with the Tenant by the Regions to determine the cause of the arrears or to attempt to address them.

This has shifted the responsibility to the Regions to resolve arrears files and ensures the OCHE is utilized as an **office of last resort** for files which could not be resolved within the Regions.

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<sup>3</sup> Seniors are defined as being 59+ years of age

<sup>4</sup> Vulnerability was determined based on the notes in the TCHC file, self-disclosure to the Early Resolution Officer, or due to the Tenant's source of income being the Ontario Disability Support Program ("ODSP"). The OCHE acknowledges that this method of determining vulnerabilities is not inclusive.

**90 files were returned to TCHC for the following reasons:**

<b>Reasons for sending files back to TCHC</b>	<b>90 files</b>
Non Compliance with the ACP: N4 invalid	22% (20)
Arrears were paid in full	20% (18)
Non Compliance with the ACP: Did not submit an application to the HSF to address the arrears of rent	15% (13)
Tenant brokered a Local Repayment Agreement with TCHC without OCHE intervention or Tenant actively working with TCHC <sup>5</sup>	14% (12)
TCHC to complete Abandoned Unit process	9% (8)
Non Compliance with the ACP: Insufficient contact with the Tenant prior to the OCHE referral	8% (7)
TCHC was pursuing eviction for cause	3% (3)
The OCHE previously worked with Tenant and recommended that TCHC proceed with an L1 Application	3% (3)
Tenant provided 'move out notice' to TCHC	3% (3)
Non Compliance with the ACP: Local Repayment Agreement not offered	2% (2)
Sent in Error	1% (1)

In the OCHE Bi-Annual Report January 1 to June 30, 2023, the Commissioner recommended that TCHC embed the Stage 1 Checklist into HoMES and provide the OCHE access to it. The expectation was that this would increase efficiency for the OCHE and TCHC in the screening process. The OCHE and TCHC have been working together and this feature should be updated within the HoMES system by Q2 of 2024. See Appendix 1 – Recommendation 1 for details.

<sup>5</sup> It was found that the referral was made to the OCHE while TCHC was in the process of brokering an LRA with the Tenant. Changes to the ACP will encourage this work to continue.



## **2.0 ARREARS AT TIME OF OCHE REFERRAL**

Beginning in the last reporting period, the OCHE captured data by Region and organized the size of the arrears at the time of referral into sub-categories.

The 301 cases assigned to an ERO from July 1 to December 31, 2023, represented a total of \$2,370,963.32 in arrears owing. Of these, there were 23 cases where the arrears exceeded \$20,000.00, which represented more than \$770,000.00 in arrears of rent.

The OCHE, in collaboration with TCHC and the City of Toronto, is in the process of developing a system to track and address these files separately from new arrears files. This is currently underway, and the first iteration of this methodology will be completed prior to the roll-out of the new ACP. Please see Appendix 1 – Recommendation 2 for details.

A breakdown of the size of arrears by region is included in the following charts:

<b>\$20k and over– owing at time of referral</b>	<b>Total of arrears</b>	<b>Number of Households</b>
<b>WEST</b>	\$258,448.08	7
<b>EAST</b>	\$215,281.23	7
<b>CENTRAL</b>	\$298,122.57	9
<b>TOTAL:</b>	\$771,851.88	23

<b>\$10k – \$19.9k owing at time of referral</b>	<b>Total of arrears</b>	<b>Number of Households</b>
<b>WEST</b>	\$258,574.84	20
<b>EAST</b>	\$220,248.63	16
<b>CENTRAL</b>	\$193,322.66	14
<b>TOTAL:</b>	\$672,246.13	50

<b>\$5k – \$9.9k owing at time of referral</b>	<b>Total of arrears</b>	<b>Number of Households</b>
<b>WEST</b>	\$221,078.39	31
<b>EAST</b>	\$151,600.29	20
<b>CENTRAL</b>	\$141,199.36	19
<b>TOTAL:</b>	\$513,878.04	70

<b>\$2k – \$4.9k owing at time of referral</b>	<b>Total of arrears</b>	<b>Number of Households</b>
<b>WEST</b>	\$171,936.96	48
<b>EAST</b>	\$76,693.50	22
<b>CENTRAL</b>	\$87,471.84	24
<b>TOTAL:</b>	\$336,102.30	94

<b>\$186.00 – \$1.9k owing at time of referral</b>	<b>Total of arrears</b>	<b>Number of Households</b>
<b>WEST</b>	\$49,134.11	41
<b>EAST</b>	\$17,726.25	15
<b>CENTRAL</b>	\$10,024.61	8
<b>TOTAL:</b>	\$76,884.97	64

### **3.0 ARREARS COLLECTION PROCESS COMPLIANCE:**

While working with individual Tenants to avoid eviction, the OCHE conducts an audit to ensure TCHC's compliance with the ACP, Eviction Prevention Policy and that all applicable legislation has been adhered to. At the conclusion of this work, the Commissioner issues a report containing recommendations to TCHC and the Tenant. From July 1 to December 31, 2023, the OCHE issued a total of 256 reports with a total of 9 unique recommendations.

Although the OCHE has screened the files ahead of time to ensure ACP compliance, the screening process does not take into account the timelines of the ACP, but rather whether all the steps were completed.

It should be noted that in 58 of the 256 reports (23%), the ACP was followed perfectly.

Of the 9 unique recommendations made to TCHC, only 3 were significant. These are described in the chart below:

<b>Commissioner's Recommendation related to Non-Compliance with the ACP</b>	<b>2022 (Q3/Q4)</b>	<b>2023 (Q1/Q2)</b>	<b>2023 (Q3/Q4)</b>
<b>Number of recommendations reports</b>	<b>353</b>	<b>306</b>	<b>256</b>
Serve the Notice to Terminate the Tenancy in accordance with Arrears Collection Process timelines	73% (259)	62% (189)	59% (150)
Make direct contact with the Tenant in the first month of arrears	61% (216)	64% (195)	45% (114)
Send the Notice to Terminate the Tenancy once /do not send multiple Notices to Terminate the Tenancy	20% (72)	22% (68)	15% (38)

In the OCHE Bi-Annual Report January 1 to June 30, 2023, the Commissioner made recommendations to TCHC on aspects related to the ACP and agreed to start providing TCHC with monthly ACP compliance reports by Region. At the time of writing this report, the roll-out of the new ACP is scheduled for June 2024, and phase one of the implementation will include the recommendations made by the Commissioner. See Appendix 1- Recommendation #3 for details.

#### **4.0 OCHE CASE MANAGEMENT HIGHLIGHTS**

The OCHE issued 256 Reports and Recommendations and successfully engaged with 95% (243/256) of these Tenants and resolved the need for TCHC to file an L1 Application with the Landlord Tenant Board (LTB) in 85% (206/243) of the Tenants they engaged with.

	<b>2022 (Q3/Q4) 353 Reports Issued</b>	<b>2023 (Q1/Q2) 306 Reports Issued</b>	<b>2023 (Q3/Q4) 256 Reports Issued</b>
<b>Engagement Rate</b>	91% (321)	96% (295)	95% (243)
<b>Avoided the need for TCHC to file an L1 Application with the LTB</b>	77% (247)	84% (249)	85% (206)

#### **4.1 ARREARS MANAGED BY THE OCHE**

In this reporting period, the OCHE issued 256 reports, which accounted for \$2,262,599.23 in arrears.

(a) Total arrears directly paid to TCHC totaled \$631,268.80 as follows:

- Direct payments totaled \$182,952.80 from the following sources:
  - \$51,773.76 (28 cases) directly from Tenants
  - \$100,519.30 (53 cases) Housing Stabilization Fund (HSF)
  - \$750.00 (1 case) in direct payments from Tenants' families
  - \$11,869.01 (8 cases) in payments directly from Ontario Works / Ontario Disability Support Program
  - \$15,540.73 (5 cases) in payments directly from the Toronto Rent Bank
  - \$2,500.00 (1 case) in payments from the Toronto Transitional Housing Allowance Program
- Resolving Losses of Subsidy: \$367,589.00 (34 cases)
- Completing Annual or an 'In Year' Reviews: \$80,727.00 (30 cases)

(b) Arrears managed through LRAs

- \$1,093,903.76 (150 cases) in arrears were managed through LRAs and will be paid back to TCHC over time (see section 5.0) and have not yet been collected in full.

(c) Arrears approved to be forwarded to the Landlord and Tenant Board

- \$537,426.67 (49 cases) in arrears were not resolved by the OCHE and it was instead recommended that TCHC file an L1 Application at the LTB, where the Tenant would have an opportunity to enter into a Mediated Agreement.

## **5.0 ARREARS MANAGED THROUGH LRAS**

In this period, the OCHE brokered a total of 150 LRAs representing \$1,093,903.76 in arrears. The success of these LRAs relies on Tenants making the payments every month for the life of the agreement. When considering Tenants' income and expenses when brokering terms for LRAs, the monthly repayment amount falls in the range of \$50.00 to \$400.00 per month. The higher repayment amounts are often on cases where Tenants are in receipt of social assistance (Ontario Works and the Ontario Disability Support Program) who are able to increase their shelter allowance to an amount Tenants could not afford to pay on their own.

With repayment amounts being in the low range described above, recouping the debt will take a long time for Tenants with large arrears balances.

Tenants will breach their LRAs when adversity happens and unless these are caught quickly, the arrears balance will continue to grow. A detailed discussion of breached LRAs follows in section 6.0 of this Report.

The OCHE captured data by Region and organized the size of the arrears at the time of referral into categories. Below is a summary of the LRAs brokered by the OCHE based on these categories:

<b>Files with arrears over \$20K</b>	<b>Total of arrears</b>	<b>Number of Cases</b>	<b>Average repayment amount</b>	<b>Average length of LRA (months)</b>
<b>WEST</b>	\$47,936.00	2	\$181.00	130
<b>EAST</b>	\$111,641.00	4	\$197.00	157
<b>CENTRAL</b>	\$48,418.61	2	\$253.00	153
<b>TOTAL/AVERAGE:</b>	\$207,995.61	8	\$210.33	146.67

<b>Files with arrears between \$10k and \$19.9K</b>	<b>Total of arrears</b>	<b>Number of cases</b>	<b>Average repayment amount</b>	<b>Average length of LRA (months)</b>
<b>WEST</b>	\$98,846.07	7	\$151.00	118
<b>EAST</b>	\$158,263.43	11	\$126.00	114
<b>CENTRAL</b>	\$117,806.67	9	\$140.00	133
<b>TOTAL/AVERAGE:</b>	\$374,916.17	27	\$139.00	121.67

<b>Files with arrears between \$5k and \$9.9K</b>	<b>Total of arrears</b>	<b>Number of cases</b>	<b>Average repayment amount</b>	<b>Average length of LRA (months)</b>
<b>WEST</b>	\$151,223.41	21	\$147.00	67
<b>EAST</b>	\$69,081.36	10	\$150.00	48
<b>CENTRAL</b>	\$120,416.98	17	\$144.00	59
<b>TOTAL/AVERAGE:</b>	\$340,721.75	48	\$147.00	58

<b>Files with arrears between \$2k and \$4.9k</b>	<b>Total of arrears</b>	<b>Number of cases</b>	<b>Average repayment amount</b>	<b>Average length of LRA (months)</b>
<b>WEST</b>	\$49,578.64	14	\$143.00	37
<b>EAST</b>	\$35,783.14	10	\$153.00	32
<b>CENTRAL</b>	\$45,353.53	12	\$165.00	33
<b>TOTAL/AVERAGE:</b>	\$130,715.31	36	\$153.67	34

<b>Files with arrears between \$186.00 and \$1.9k</b>	<b>Total of arrears</b>	<b>Number of cases</b>	<b>Average repayment amount</b>	<b>Average length of LRA (months)</b>
<b>WEST</b>	\$24,400.01	18	\$86.00	18
<b>EAST</b>	\$2,805.00	2	\$190.00	8
<b>CENTRAL</b>	\$12,349.91	11	\$144.00	13
<b>TOTAL/AVERAGE:</b>	\$39,554.92	31	\$140.00	13

In reviewing the above charts, the OCHE notes the following. The size of the arrears balance at the time of brokering the LRAs contributes to the lengthiness of the agreement as well as the likelihood for a breach within the LRA lifespan. Finding monthly repayment amounts that fall within the Tenants' budgets, also contributes to the success of the LRA, but is not foolproof. With these factors in mind, it is critical to note that for Tenants living on fixed and low incomes, any unexpected expense can result in a breached agreement and the most important factor for arrears collection is to catch these breaches as soon as possible. If a breach is caught in the first month, the Tenant is more likely to be able to catch up to the terms within one or two months, and if a Tenant cannot catch up, TCHC may proceed through the process and seek a Mediated Agreement at the LTB.

## **6.0 BREACHED OCHE NEGOTIATED LRAS**

The OCHE endeavored to review why Tenants were unable to remain on track with their LRAs for the purpose of closing any gap in the ACP that contributes to the growing arrears balance across the portfolio. It is widely acknowledged that while arrears are considered managed when an LRA is in place, if the payments are not consistently made, there will be no impact on the arrears total.

When the ERO negotiates an LRA between the Tenant and TCHC to address the arrears of rent, they first discuss financial literacy with the Tenant and complete a budgeting tool to determine how much they can reasonably afford to pay on top of their monthly rent each month.

When a Tenant breaches an LRA that was negotiated by the OCHE, it is expected that TCHC staff will reach out to the Tenant after the first missed payment, and then re-refer the file to the OCHE if the Tenant cannot catch up by the second month. Missing this window makes recouping arrears much more difficult and leads to worse outcomes for the Tenants as they will have a much larger balance to contend with. When the OCHE receives a Breach File, the EROs are tasked with determining whether exceptional circumstances<sup>6</sup> existed warranting a new LRA, these exceptionalities are

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<sup>6</sup> A rare or unforeseen hardship beyond the tenant's control that had a significant impact on the ability to meet the terms of the Local Repayment Agreement.

then approved by the Commissioner. If there are no exceptional circumstances, the OCHE will report back to TCHC and recommend that they proceed to file an L1 Application at the LTB. The following chart describes the breach referrals received in 2023.

<b>Breach Files</b>	<b>January 1 – June 30, 2023</b>	<b>July 1 - December 31, 2023</b>
Total Breach Referrals	92	74
Total Sent back cases <sup>7</sup>	20	21
No Exceptional Circumstances <sup>8</sup>	57	51
Unable reach the Tenant to determine exceptional circumstances	8	9
Exceptional Circumstance - Report issued to TCHC	34	20
Average month the Tenant breached the OCHE brokered LRA	4 months	4 months
Average month of referral to OCHE after breach <sup>9</sup>	4 months	8 months

<sup>7</sup> Reasons for being sent back: Tenant caught up with LRA, sent in error by TCHC (prematurely before the end of the 1<sup>st</sup> month of the breach) and non-compliance with ACP (TCHC did not attempt to contact Tenant in 1<sup>st</sup> month).

<sup>8</sup> This is determined when there is no change in the Tenant's circumstance and/or the Tenant agrees to catch up with the LRA.

<sup>9</sup> As per the ACP a file is to be re-referred to the OCHE in the second month after a breach occurs.



The breakdown of exceptional circumstances found within the 54 breach files the OCHE worked on in 2023 are outlined in the following chart:

Exceptional Circumstances	Total files (54)
Unexpected income decrease	17
Illness/Hospitalization	13
Issues with payment method	9
Emergency expense arose	7
Rent Increased	3
Loss of Subsidy (LOS)	2
Other <sup>10</sup>	3

The below is a summary where OCHE found exceptional circumstances and LRAs were re-negotiated by OCHE broken down by Region:

	Total of arrears	Number of Cases	Average month of actual breach	Average month of referral to OCHE after breach
<b>WEST</b>	\$197,670.48	32	4	5
<b>EAST</b>	\$115,448.42	16	3	5
<b>CENTRAL</b>	\$60,013.29	6	6	9
<b>TOTAL/AVERAGE:</b>	\$373,132.19	54	4.33	6.33

The greatest cause of growing arrears balances from breached LRAs is the the gap between the month of the breach and the month it is caught and referred to the OCHE. It is important to notify Tenants when they breach an LRA after the first missed payment and to encourage the Tenants to catch up. This applies to LRAs brokered through the OCHE or entered into at TCHC. If Tenants cannot catch up with LRAs negotiated by the OCHE, the

<sup>10</sup> Other breach exceptional circumstances included: Overestimated income and financial finances (1); Household Composition change (1); Support system lost (1).

file should be referred to the OCHE. The timeliness of these referrals are crucial to the successful collection of arrears.

Based on our work with TCHC, we have learned that monitoring LRAs was a manual process, until Q3 of 2023 when TCHC began entering LRAs into the HoMES database, which is greatly improving the tracking of these payments. Not catching a breach when it happens is the biggest threat to successfully collecting arrears in this way.

**7.0 RESULTS OF TENANT SURVEYS REGARDING BREACHED LRAS**

In 2023, the OCHE committed to studying and reporting on LRAs that are brokered by TCHC and the OCHE. By conducting surveys of Tenants who breached their LRAs, the OCHE attempted to learn about the barriers to successfully making the required payments for the life of the LRA.

The survey also aimed to uncover whether there were additional supports that could be used by TCHC to support Tenants to successfully meet their arrears obligations and ensure stable housing is maintained.

Although survey participation was voluntary, a total of 83% (177/211) of eligible Tenants who had breached their LRA participated in the survey.

The survey consisted of two questions:

**Survey Question 1: Why do you think you had trouble sticking to the repayment schedule?**

<b>Monthly LRA amount was too high</b>	<b>There was a change of income</b>	<b>Unexpected financial obligation arose</b>	<b>Mismanaged my finances</b>	<b>Other</b>
12% (22)	18% (32)	10% (19)	41% (73)	18% (31)

**Survey Question 2: What do you think would have helped you stick to your LRA?**

<b>Reminder phone calls each month</b>	<b>Lower LRA amount</b>	<b>Higher LRA amount (arrears paid off sooner)</b>	<b>Set up on automatic payments</b>	<b>Other</b>
17% (30)	35% (63)	-	23% (41)	24% (43)

## **RECOMMENDATIONS FROM SURVEY RESULTS:**

The OCHE has learned that remaining on track with LRAs is linked to Tenants' financial well-being. While the OCHE makes every effort to ensure the monthly arrears repayments are within a Tenant's budget, the cost of living for people with low incomes has resulted in many Tenants being stretched to their last dollar or beyond.

### **Recommendation 1:**

**It is recommended that TCHC consider providing financial literacy workshops for Tenants in arrears and who have signed LRAs to better support their long-term success.**

Survey question 1 identified that having mismanaged their finances was the leading cause for breaching their LRA. This suggests that budgets are so tight, that even without a major change in circumstances, ensuring that the monthly rent is paid each month is a challenge in itself, before adding an additional monthly amount to pay down the arrears debt.

There are resources available through community agencies, such as WoodGreen's Financial Empowerment Counseling and through the Voluntary Trusteeship Program. These types of programs encourage people to seek bank accounts with reasonable fees, resist the use of pay-day loan companies, find savings within their budgets, and to ensure fixed expenses are covered before the variable ones. While these referrals will help Tenants who wish to participate in them, people with limited mobility or who require greater hand holding, may not be able to follow through.

To address this, it is recommended that TCHC considers providing financial literacy workshops for Tenants who have signed LRAs. The OCHE can support TCHC in developing and executing these workshops. TCHC can provide information on where these workshops would have the biggest impact, and these could be delivered within the Regions.

In addition, in September 2023, the OCHE piloted a partnership with WoodGreen's Financial Empowerment Services program, which provided OCHE Tenants with quick access to a free income tax filing service, in addition to a rapid retrieval of Tenants' Notices of Assessment ("NOA")s via WoodGreen's Tax Link service. With the Tenants' consent, accessing the Tax Link services allowed the OCHE to expedite tax filing and NOA retrievals from the Canada Revenue Agency, thus reversing or avoiding an upcoming Loss of Subsidy. This partnership between WoodGreen and the OCHE has

been a success and will be further explored with TCHC in 2024, to determine if this service can be expanded to TCHC.

**Recommendation 2:**

**In the OCHE Bi-Annual Report January 1 to June 30, 2023, the Commissioner recommended TCHC Ensure HoMES can collect repayment amounts with the Pre-Authorized Payment (“PAP”) and withdraw payments on a flexible schedule.** The progress toward implementation is described in Appendix 1 – Recommendation 5. The results of the OCHE Breach Survey underscores the need for this to be implemented.

Tenants whose budgets are tight and have little to no wiggle room for unplanned purchases, require the scaffolding of having their fixed expenses paid first. For example, for Tenants whose income source is employment, it would be less of a financial impact to make two payments within a month to cover the rent plus the arrears repayment on a schedule that coincides with their pay schedule from work. By the same logic, seniors whose pension income is paid to them on the 27<sup>th</sup> of the month, sometimes do not have enough money for the rent after other companies (eg. Money Mart, cell phones, credit card companies) pay themselves through direct withdrawal on the 27<sup>th</sup>.

The OCHE also noted that the HoMES system’s inability to withdraw any amount greater than the rent charge itself. This precludes the arrears repayment being included in the PAP and is a missed opportunity to prevent LRAs from breaching.

**Recommendation 3:**

**As part of the new ACP, TCHC has considered moving ahead with a monthly arrears payment reminder mechanism (e.g. mass text messaging). Given this, it is recommended that all Tenants with LRAs, including those brokered through the OCHE, be included in these regular reminders.**

**Recommendation 4:**

**Explore the option of reviewing and/or re-negotiating LRA terms every year when the Annual Household Income and Assets Review is completed.**

The longer the LRA, the more likely it is for Tenants to breach. Each year, Tenants' income and expenses change. While we are in a period of high inflation, we may not be in five years. If LRAs are reviewed each year, there is also room to increase monthly repayment amounts to recoup debt faster.

Reviewing the LRA each year will also serve to ensure an extra opportunity to monitor missed payments.

The upcoming implementation of the Large Arrears Balance pilot is relevant to this Recommendation. As Tenants pay down their debt successfully, year over year, reviewing the terms of the LRAs is crucial to collecting the debt. When Tenants have reached a milestone in their repayment efforts, consideration should be given to create incentives to continue repayment in a way that supports Tenants and TCHC to reduce the total arrears debt.

**SUMMARY:**

While LRAs are a tool to keep Tenants housed while slowly addressing the arrears debt, the failure to collect every month, undermines the effectiveness of this tool. The OCHE suggests that the implementation of the above recommendations, may help to mitigate the loss of revenue causes by missed payments.

**CONCLUSION**

In 2023, the OCHE worked closely with TCHC to find ways to reduce the overall arrears balance owing across the organization. Our initiatives included the ongoing training, mentoring and support for front-line staff; the pilot project which examines large arrears balances accumulated due to COVID; and the soon to be implemented new ACP.

Additionally, the OCHE set out to uncover how to better ensure LRAs are maintained by looking into trends discovered through our analysis of breached repayment agreements. It was determined that there are opportunities to improve the success of these agreements and updates to HOMES will also help in this regard.

In 2024, the OCHE intends to continue offering opportunities for greater efficiency, improved Tenant service, and healthy relations between the OCHE and TCHC.

**APPENDIX 1: PROGRESS UPDATE RECOMMENDATIONS SUMMARY JANUARY 1 TO JUNE 30, 2023**

<b>OCHE RECOMMANTATION</b>	<b>TCHC RESPONSE</b>	<b>EXPECTED COMPLETION DATE</b>	<b>PROGRESS UPDATE</b>
<p><b>Recommendation 1:</b>                      TCHC to embed the Stage 1 Checklist into HoMES and to provide OCHE access to it so as, to eliminate the extra time needed to send referrals to the OCHE and for the OCHE to review and send back.</p>	<p>Work is underway to incorporate the Stage 1 (N4) Checklist into HoMES. As a result of collaborative work between TCHC and OCHE, the Checklist has been revised, and Operations staff are working with OCHE, ITS and YARDI to implement the required changes in HoMES as quickly as possible. Testing, to be conducted with TCHC and OCHE SMEs, with support from ITS, is expected to take place in November.</p>	<p><b>January 2024</b>  <b>Revised to</b>  <b>April 2024<sup>11</sup></b></p>	<p>The testing phase is complete, and implementation (communications and training for TSCs) was launched in March. Expected go-live for checklist and OCHE access is April 2024</p>
<p><b>Recommendation 2:</b>                      In collaboration with the OCHE, City Partners and TCHC, develop a time</p>	<p>Management is in final stages of recruitment for a Manager of Tenancy Management - Centralized</p>	<p><b>December 2023</b></p>	<p>Manager Tenancy Mgmt Centralized Services came on board in December 2023. Reporting and tracking on</p>

<sup>11</sup> Revision to timelines due to hiring delays on Manager Tenancy Management and Centralized Services role.

<p>specific methodology for both tracking and enforcing arrears management for files which fall under strict criteria. Consideration should be given to the management of files where the arrears exceed \$10,000.00. By keeping track of these files separately from newer arrears files, TCHC will be able to accurately determine the success of the ACP. This tracking needs to be in place before the roll-out of the new ACP.</p>	<p>Services. This new role and their team will be accountable for:</p> <ul style="list-style-type: none"> <li>- developing tracking methodology and oversight process</li> <li>- tracking of high dollar value arrears files</li> <li>- providing support to regional Tenancy Management teams to ensure these files are being addressed according to the process.</li> </ul> <p>Anticipated start date for the new role is mid-October</p>		<p>\$10k+ arrears files is in place and monitoring and support with regional teams is happening bi-weekly on an ongoing basis.</p> <p>Work with the City and OCHE on a time specific methodology for addressing high arrears files in underway and a proposal is expected to come forward for review in Q2 2024.</p>
<p><b>Recommendations 3:</b> <i>ACP Recommendations</i></p> <p>a. TCHC should update the ACP to require N4 to be served in the second month of arrears (one month plus a \$1.00 of arrears owing).</p>	<p>A revised ACP is in development with expected implementation beginning in Q1 2024.</p> <p>a) On implementation of the new ACP, TCHC will begin serving the N4 once a household is at least one month behind on paying their rent.</p>	<p><b>Q1 2024 Revised Q2 2024<sup>12</sup></b></p>	<p>The draft of the revised ACP is complete and is under review with staff and stakeholders for input. Training will be complete by end of June with the new Process in place on July 1.</p> <p>KPIs are in development alongside the ACP and</p>

<sup>12</sup> Revision to timelines due to hiring delays on Manager Tenancy Management and Centralized Services role.



<p>b. Modify HoMES to ensure timely creation of N4s and reduce the number that need to be created manually.</p> <p>c. Ensure finance processes rent payments early so that they are all posted before N4s are issued to tenants.</p>	<p>b) As part of the work to revise the ACP, a cleanup process will be undertaken to address complexity within some of the arrears files, which will in turn result in a decrease in the number of manual N4s required. Additionally, the Operations team is working with ITS to implement reporting that will provide specific information about issues with N4s. This information will inform future Management actions to address any HoMES changes that are needed, in conjunction with any required staff training and process changes.</p> <p>c) Throughout the revision and implementation phase of the ACP, Operations, Finance and ITS will be working together to reduce pain points within the rent processing workflow and to ensure that rent payments are processed</p>		<p>revisions to Power BI dashboard are underway to provide staff with access to more reporting aligned with the steps of the new process.</p> <p>ACP compliance reporting and meetings with regional management teams have been implemented</p>
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<p>d. OCHE to issue monthly ACP compliance reports to TCHC by Region, for more up to date monitoring of OCHE recommendations and schedule monthly meetings with TCHC to review trends and compliance.</p> <p>e. Create a new Key Performance Indicator (“KPI”) for the Regions which monitors and evaluates ACP Compliance regionally.</p>	<p>and available for staff review within HoMES as early in the month as possible.</p> <p>d) TCHC’s regional team will actively participate in the monthly ACP compliance meetings.</p> <p>e) The Operations centralized teams (Performance and Quality, and Operational Planning and Program Services), are working with the Regional Tenancy Management teams to develop new KPIs associated with the implementation of the revised ACP. One of the KPIs will relate to overall compliance levels with the ACP.</p>		
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<p><b>Recommendation 4:</b> TCHC to re-establish the <i>Memorandum of Understanding</i> between Ontario Works and TCHC and endeavor to improve the process of information sharing and communication between them where a mutual interest in stabilizing tenancies exists. Specifically, TCHC management to reach out to OW management to clarify the need for OW Caseworkers to cooperate in the resolution of arrears for their clients, and to apply to the Housing Stabilization Fund to assist tenants address their arrears balances.</p>	<p>The relationship management role for overall engagement between TCHC and Toronto Employment and Social Services has been consolidated to the Operations Planning and Program Services (OPPS) team, with relationship management with local TESS offices being situated with Regional Tenancy Management teams. Given this clarity, the Director OPPS will engage with TESS leadership, with support from the Housing Secretariat, to review and re-establish the MOU. The discussion will include development of roles and expectations for local teams at TCHC and TESS.</p>	<p><b>Q1 2024 Revised to Q2 2024<sup>13</sup></b></p>	<p>Aggregate data related to Ontario Works clients who are at risk of losing subsidy has been shared with the Housing Secretariat and is under review and will inform ongoing discussions the Toronto Employment and Social Services (TESS). Engagement with TESS to negotiate a revised MOU is underway</p>
<p><b>Recommendation 5:</b> a. TCHC to track LRAs over \$10,000.00 separately so as to accurately report on the</p>	<p>a) Tracking of Local Repayment Agreements over \$10,000 will be included in the work outlined against Recommendation 2.</p>	<p>a) As per Rec 2 <b>COMPLETE</b></p>	<p>Re 5.c) feasibility of HoMES changes for PAP flexibility has been analyzed by ITS and determined that it is possible to implement.</p>

<sup>13</sup> Revision to timelines due to hiring delays on Manager Tenancy Management and Centralized Services role

<p>organizations total arrears balance with an understanding that recovering this debt in total is improbable.</p> <p>b. Ensure TCHC staff are empowered to broker longer repayment agreements that consider the Tenants income and expenses to prevent breaches wherever possible.</p> <p>c. Modify HoMES to allow Pre-Authorized Payments (PAP) to also withdraw arrears repayments by month; and to withdraw the rent on a flexible schedule. For example, seniors receive their pensions on the 27<sup>th</sup> of the month—this should be the day the PAP</p>	<p>b) Guidance and parameters giving Regional Tenancy Management staff the ability to enter into longer repayment agreements will be included in the work to revise and update the ACP outlined in Recommendation 3</p> <p>c) The cost and feasibility of modifications to HoMES to allow PAPs to be set up for repayment agreements, and to allow for PAP withdrawals on a flexible schedule are unknown at this time. Staff have begun the work to explore the feasibility of the changes and will include OCHE in the discussions and decision-making.</p>	<p>b) As per Rec 3<sup>14</sup> <b>Q2 2024</b></p> <p>c) <b>TCHC mgmt response COMPLETE as outlined. Next phase (detailed scoping) – Q3 2024</b></p>	<p>Scope, timing, and costing phase is underway. Projected timelines will result from this work and be reported at the next update.</p>
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<sup>14</sup> Revision to timelines due to hiring delays on Manager Tenancy Management and Centralized Services role

<p>withdraws the rent. This is particularly important as other bill collectors are able to withdraw funds on a flexible schedule resulting in returned PAPs due to Non-Sufficient Funds. For tenants who are employed and paid bi-weekly, the PAP should be flexible enough that two payments per month can be withdrawn to coincide with their employment schedule.</p>			
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**APPENDIX 2: SUMMARY OF RECOMMENDATIONS JULY 1 TO DECEMBER, 2023 WITH TCHC RESPONSE**

OCHE RECOMMANTATION	TCHC RESPONSE	EXPECTED DATE OF COMPLETION
<p><b>Recommendation 1:</b> It is recommended that TCHC consider providing financial literacy workshops for Tenants in arrears and who have signed LRAs to better support their long-term success.</p>	<p>Management to explore development of partnerships, in collaboration with OCHE to have community partners deliver workshops for tenants through TCHC.</p>	<p>Q4 2024</p>
<p><b>Recommendation 2:</b> In the OCHE Bi-Annual Report January 1 to June 30, 2023, the Commissioner recommended TCHC Ensure HoMES can collect repayment amounts with the Pre-Authorized Payment (“PAP”) and withdraw payments on a flexible schedule. The progress toward implementation is described in Appendix 1 – Recommendation 5c. The results of the OCHE Breach Survey, underscores the need for this to be implemented.</p>	<p>See response 5C (above, in OCHE Q1-2 2023 Bi-annual report).</p>	<p>Q3 2024</p>
<p><b>Recommendation 3:</b> As part of the new ACP, TCHC has considered moving ahead with a monthly arrears payment reminder mechanism (e.g. mass text messaging). Given this, it is recommended that all Tenants with</p>	<p>TCHC is considering implementation of a monthly arrears payment reminder mechanism. As this process is confirmed and implemented, TCHC we will closely monitor the</p>	<p>Q1 2025</p>

<p>LRA's, including those brokered through the OCHE, be included in these regular reminders.</p>	<p>effectiveness of the intervention and will include tenants with Local Repayment Agreements in phase 2 of the project.</p>	
<p><b>Recommendation 4:</b> Explore the option of reviewing and/or re-negotiating LRA terms every year when the Annual Household Income and Assets Review is completed.</p>	<p>TCHC is currently underway implementing changes within the ACP and will explore inclusion of this recommended component in Phase 2 where we will be implementing additional efficiencies based on evidence collected from the first phase of implementation.</p>	<p>Q1 2025</p>