

OCHE Recommendations to TCHC from April 1, 2014 to July 12, 2019



**COMMISSIONER
OF
HOUSING EQUITY**

1.0 BACKGROUND

The Commissioner reports directly to the TCHC Board of Directors through the Board Chair. The Office of the Commissioner of Housing Equity (“OCHE”) operates independently of TCHC management in carrying out the mandate of OCHE and in resolving issues as they arise.

The OCHE assists seniors (59+) and vulnerable TCHC tenants facing the risk of eviction due to rental arrears by ensuring that TCHC adheres to its Arrears Collection process (“ACP”)¹, applicable internal policies, processes and legislation and that all reasonable avenues of resolution have been explored.

Beyond auditing TCHC’s management of the applicable processes, the OCHE also concurrently seeks to resolve arrears matters by directly engaging with tenants to ensure that all reasonable avenues of resolution have been explored and that eviction is initiated by TCHC as a last resort. Upon completion of OCHE’s engagement and audit the OCHE issues a report to TCHC and tenants outlining TCHC’s compliance with the applicable processes along with recommendations.

At the June 27, 2019 TCHC Board meeting, the Board passed the following motion:

“Direct TCH staff, and staff of the OCHE, to report back to the Board in relation to all recommendations, in September, by the OCHE impact management process, the status of their implementation and what future action will be taken in order to implement those recommendations and, without limiting the generality of the foregoing, to confirm the identity of the reasons that a referral to OCHE takes, on average 15 months, and, if so, the reasons that referrals are occurring at that time.”

The Board confirmed to the Commissioner that they wanted OCHE to compile a complete list of all OCHE recommendations made by the Commissioner to TCHC starting from the creation of the OCHE on April 1, 2014. As a result this report outlines all recommendations made by the Commissioner to TCHC from April 1, 2014 to July 12, 2019.

¹ Appendix 1: TCHC’s ACP as reported by TCHC in its report for eviction for arrears – TSC: C2019-12

2.0 PROCESS

Following the Board meeting the Commissioner and the Vice President of Asset Management (AM) met and discussed the data to be collected and the process to be followed to meet the information requirements of the Board motion. The Commissioner committed to providing the OCHE Recommendations data to AM by July 31, 2019 to ensure adequate time for AM to review the recommendations made, and provide their response to the report. AM's response to the report is to identify the status of the implementation of the OCHE recommendations and to identify reasons for the time taken to make referrals to the OCHE. For simplicity it was decided to provide two reports to the Board; the OCHE report and the AM response.

The Commissioner provides recommendations to TCHC by providing a Recommendations Report for each tenant referred to the OCHE by TCHC. This report is provided to both TCHC and the tenant and provides both case specific recommendations to TCHC and recommendations related to the TCHC Arrears Collection Process (ACP) and Loss of Subsidy (LOS) Process.

The OCHE issued 1,867 Recommendations Reports to TCHC during the period of April 1, 2014 to July 12, 2019.

The OCHE collected the data for this report by manually reviewing all Recommendations Reports from 2014 to 2016 and by reviewing the OCHE database spread sheets for the period of 2017 to 2019².

The OCHE found that the Commissioner has made 8,606 recommendations to TCHC during this period. Of these, 7,819³ were recommendations related to files referred to the OCHE in the first instances of arrears and 787⁴ were recommendations related to files following a breach of an OCHE brokered local repayment agreement (LRA).

² The OCHE changed the data collection process in 2017 to an Excel format

³ Appendix 2 – OCHE Recommendations 2014-2019 - Arrears

⁴ Appendix 3 – OCHE Recommendations 2014-2019 -Breaches

3.0 FORMAT OF THE OCHE REPORT

The report has divided into the recommendations made in arrears cases and breached cases, and given the large number of recommendations made, the OCHE has identified five categories of recommendations and have highlighted the most significant recommendations as they may relate to the late referral of files and the subsequent accumulation of arrears⁵.

These five categories have been applied to all recommendations including those of breached files.

Finally the report provides a summary of the OCHE findings and proffers some suggestions for ongoing areas of improvement for TCHC and the ACP.

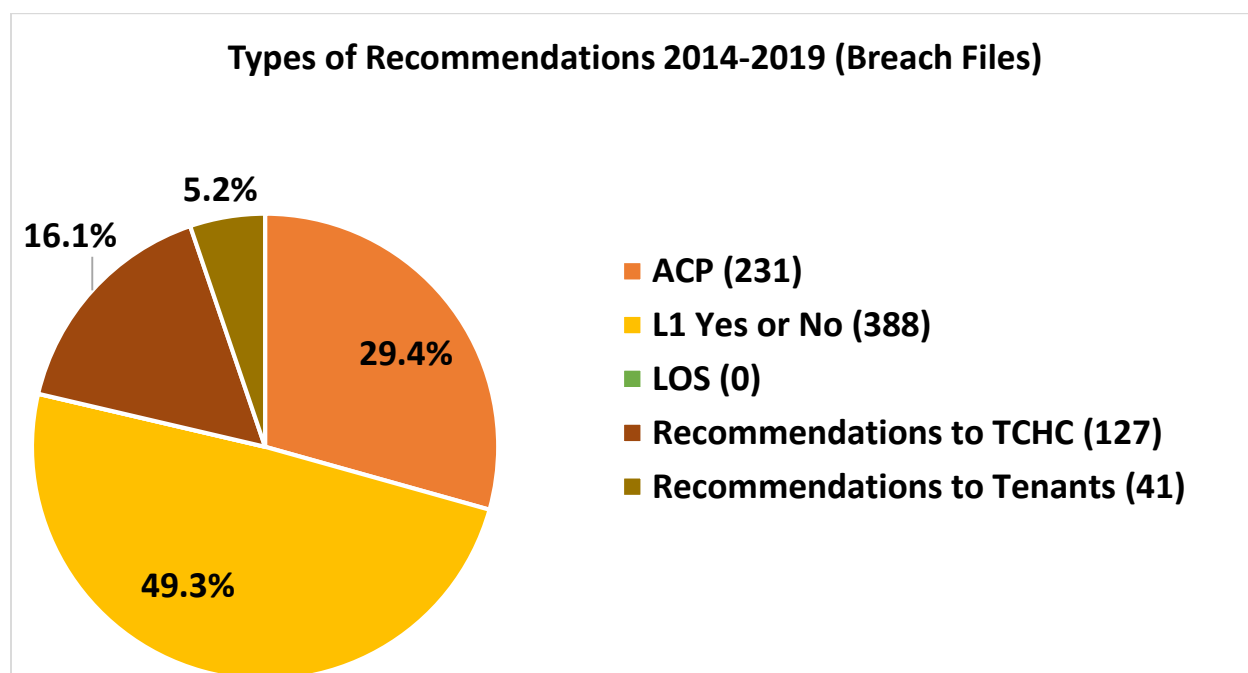
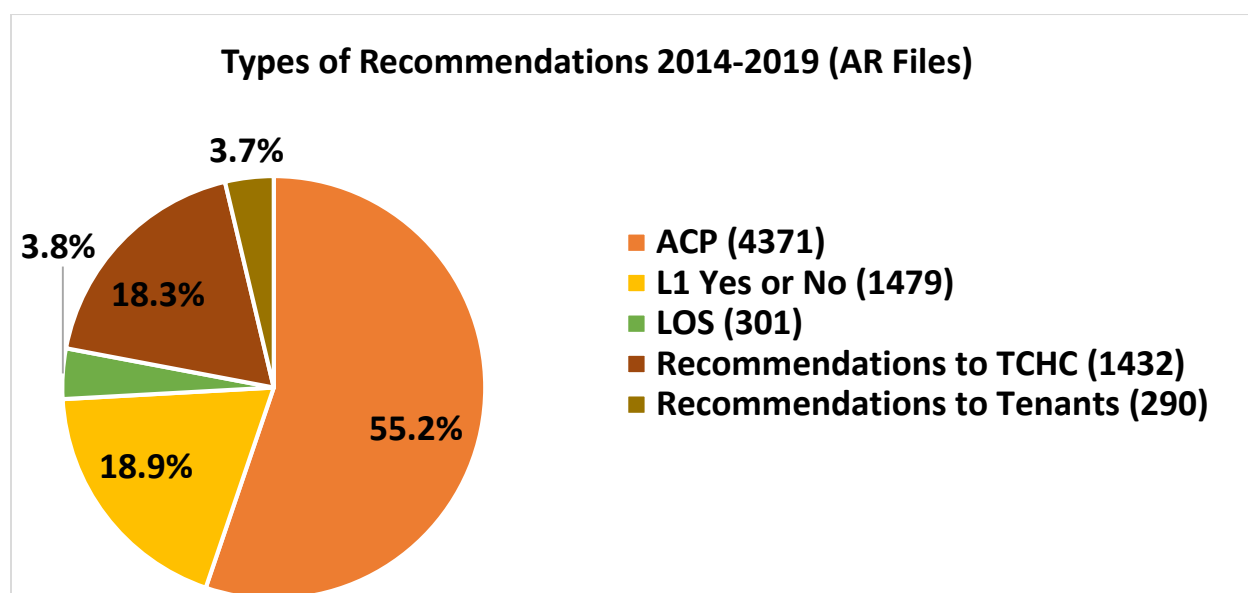
<i>Types of Recommendations from the OCHE</i>	
L1⁶ Recommendations	For each file the OCHE receives, it recommends to TCHC whether or not it should pursue an L1 Application at the Landlord and Tenant Board (LTB).
Arrears Collection Process (ACP)	For each file the OCHE receives, the Commissioner audits TCHC’s ACP and makes recommendations based on its findings.
Loss of Subsidy (LOS)	For each file the OCHE receives where it’s applicable, the Commissioner audits TCHC’s LOS Process and makes recommendations based on its findings.
Recommendations to Tenants	Depending on the unique circumstances of the file, the Commissioner will make general recommendations to the Tenant.
Recommendations to TCHC	Depending on the unique circumstances of the file, the Commissioner will make general recommendations to TCHC.

⁵ The attached appendices outline all 8,606 recommendations made to TCHC

⁶ Application to evict a tenant for non-payment of rent and to collect rent the tenant owes

4.0 TOTAL NUMBER OF RECOMMENDATIONS MADE BY CATEGORY FROM 2014-2019

From 2014 to 2019 the OCHE made a total of 8,606 recommendations. The charts below breaks down the types of recommendations into five categories for both arrears and breach cases, with recommendations related to TCHC’s compliance with the ACP being the highest number of recommendations made representing 53% (4371/8606) for arrears files and 29% (231/488) for breach cases, which makes sense given OCHE’s role as an auditor of this process.



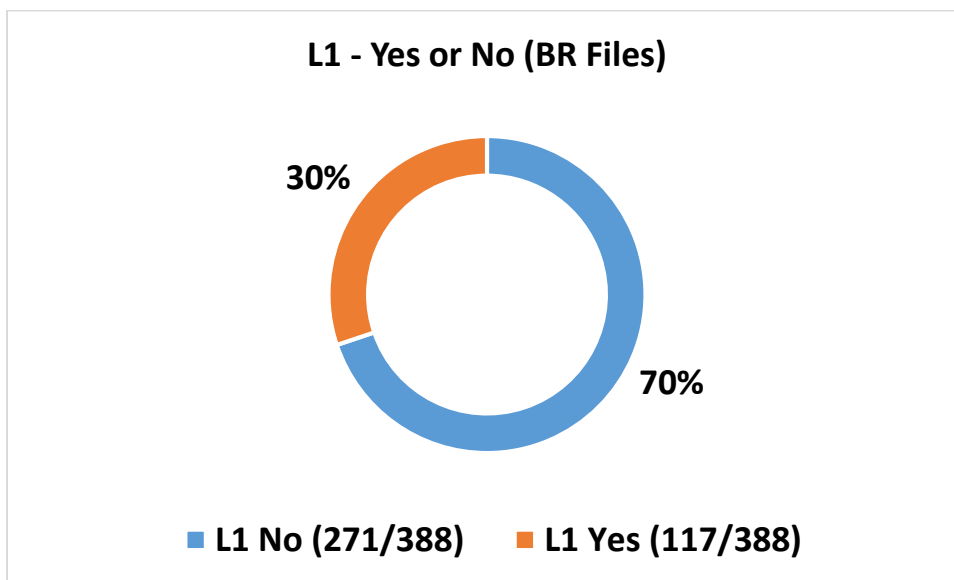
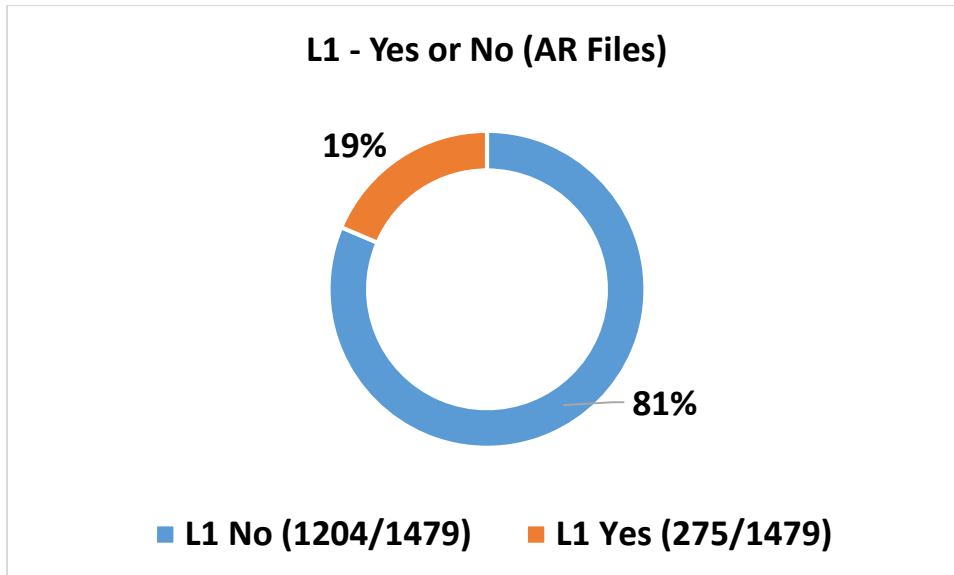
5. REPORTS AND RECOMMENDATIONS

From 2014 to 2019 the OCHE reported on 1867 cases:

1479 arrears files

388 breach files

In each case the OCHE made a recommendation to TCHC to proceed or not proceed to the LTB:



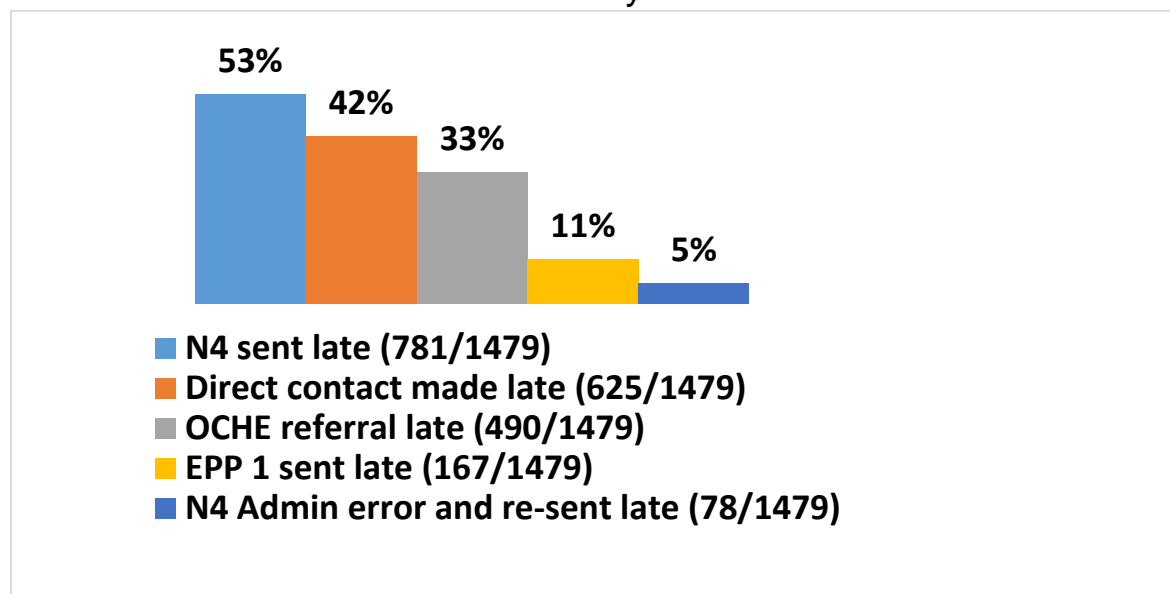
6. ARREARS COLLECTION PROCESS RECOMMENDATIONS (AR FILES)

From 2014 to 2019 the OCHE reported on 1497 arrears case and made a total of 4371 recommendations regarding TCHC’s compliance with its Arrears Collection Process (ACP).

The ACP audit is fundamental in the OCHE’s mandate as it relates to reporting its findings back to TCHC. After compiling the ACP recommendations, OCHE staff divided the trends of TCHC’s management of the ACP into three categories: inability to consistently meet the defined timelines of the ACP at each step of the process, service errors and inconsistent compliance with Documentation Standards.

Inability to Meet Timelines of ACP Recommendations

The OCHE believes that early intervention to address arrears is essential to resolving the arrears that accumulate. In 53% (781/1497) of the audits completed by the OCHE, it was found that the N4 was issued late to the Tenant⁷. Another notable figure in the findings was that in 42% (625/1479) of the audits completed by the OCHE, it was found that direct contact was made late to the tenant. Early, direct contact is crucial to stopping the accumulation of arrears as letters may not be as effective.

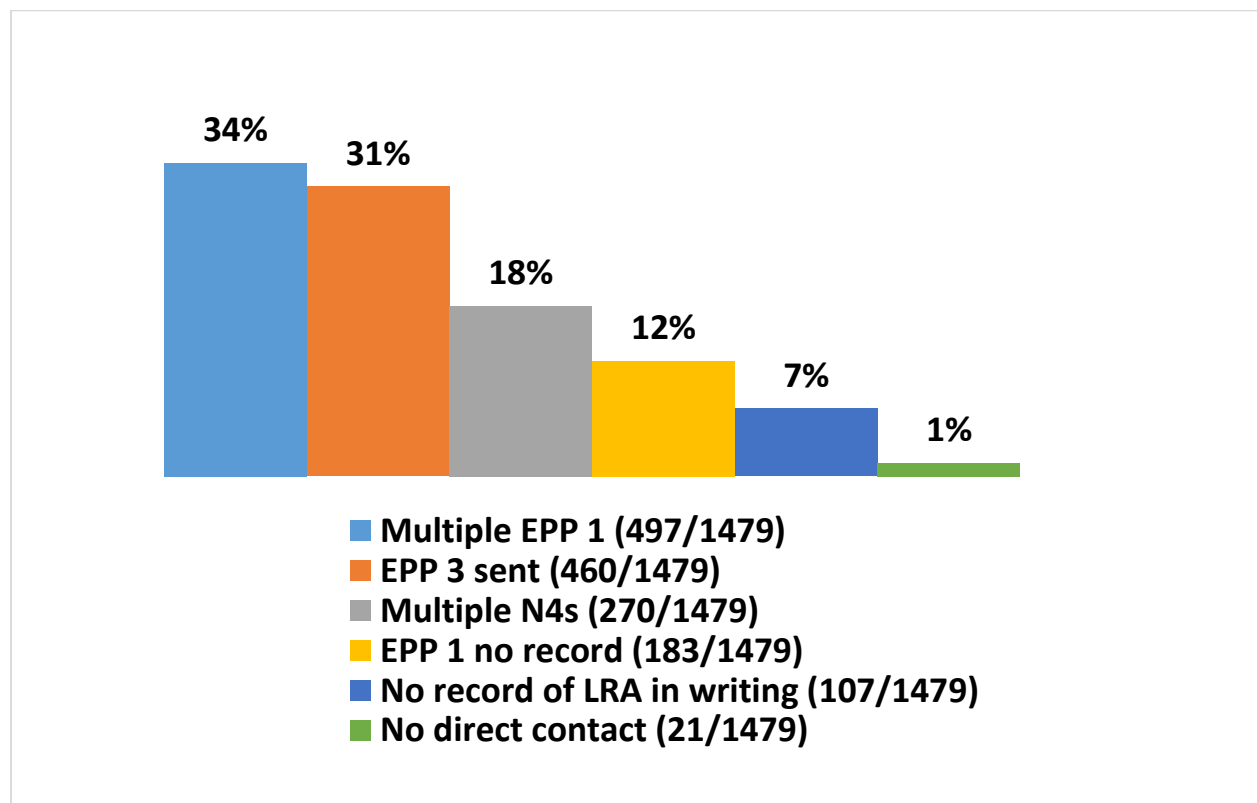


⁷ The ACP states that the N4 should be issued within 15-17 days of the first month of arrears.

Recommendations related to service errors

The ACP that was created in 2014 focused on direct contact with the tenant if a household was to fall into arrears. After compiling the recommendations related to service errors, the OCHE found that TCHC would issue multiple letters to the tenant, where it is prescribed that only one letter is to be sent at the outset of the first month in arrears. The OCHE also found that in 34% (497/1479) of the audits completed, TCHC issued EPP Letter 1 multiples times or issued EPP letter 3 in error to tenants in 31% (460/1479) of cases. It is possible that a tenant receiving multiple letters or incorrect letters from TCHC may cause confusion to the tenant as it relates to arrears.

The OCHE also found that in 18% (270/1479) of the audits completed, TCHC issued multiple N4s to the tenant. It should be noted only one N4 is required, as it does not lose its validity until the balance reaches zero. It is possible that if a tenant receives multiple legal notices, that they begin to lose effectiveness and in turn lessen the severity of paying the arrears for the household.

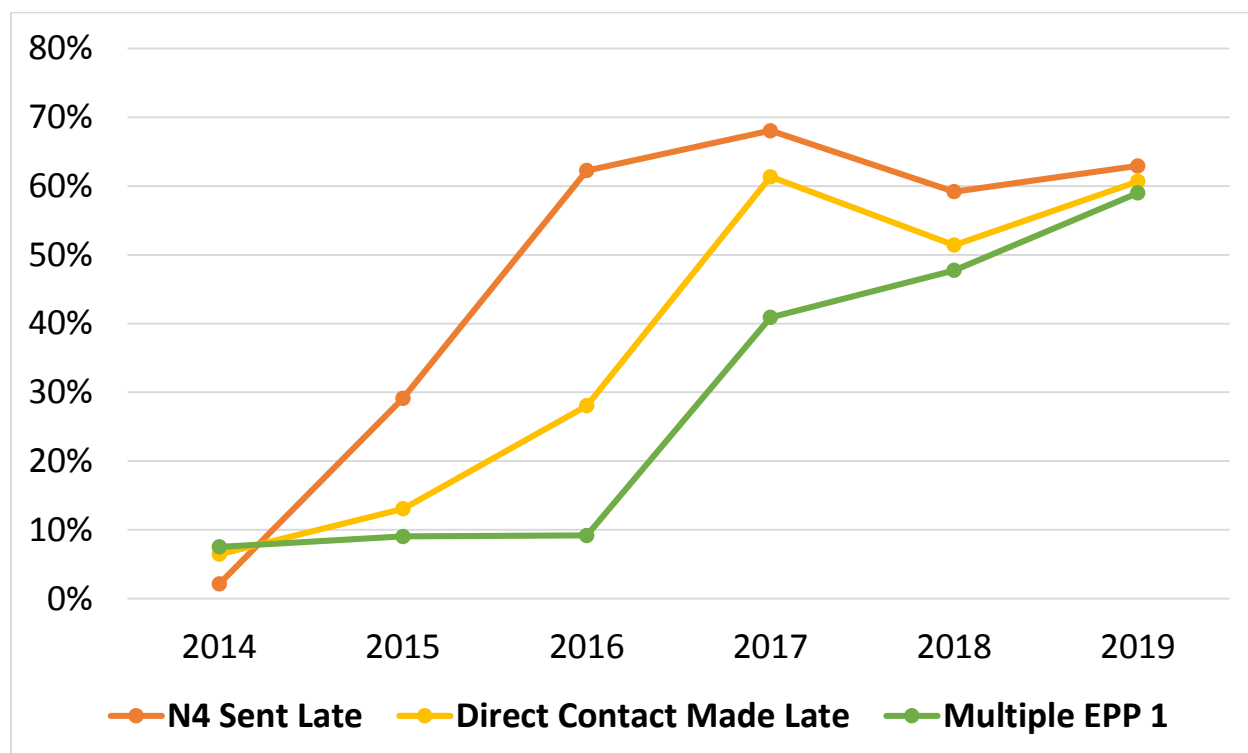


Recommendations related to compliance with Documentation Standards

The OCHE identified the last category as inconsistent compliance with Documentation Standards, which appeared in 32% (477/1479) of the files that were audited. Some examples of not adhering to compliance with documentation standards include not updating HMS Notes when required, not completing the N4 Checklist and not using the template required for repayment agreements.

6.1 RECOMMENDATIONS TRENDS 2014-2019 (AR FILES)

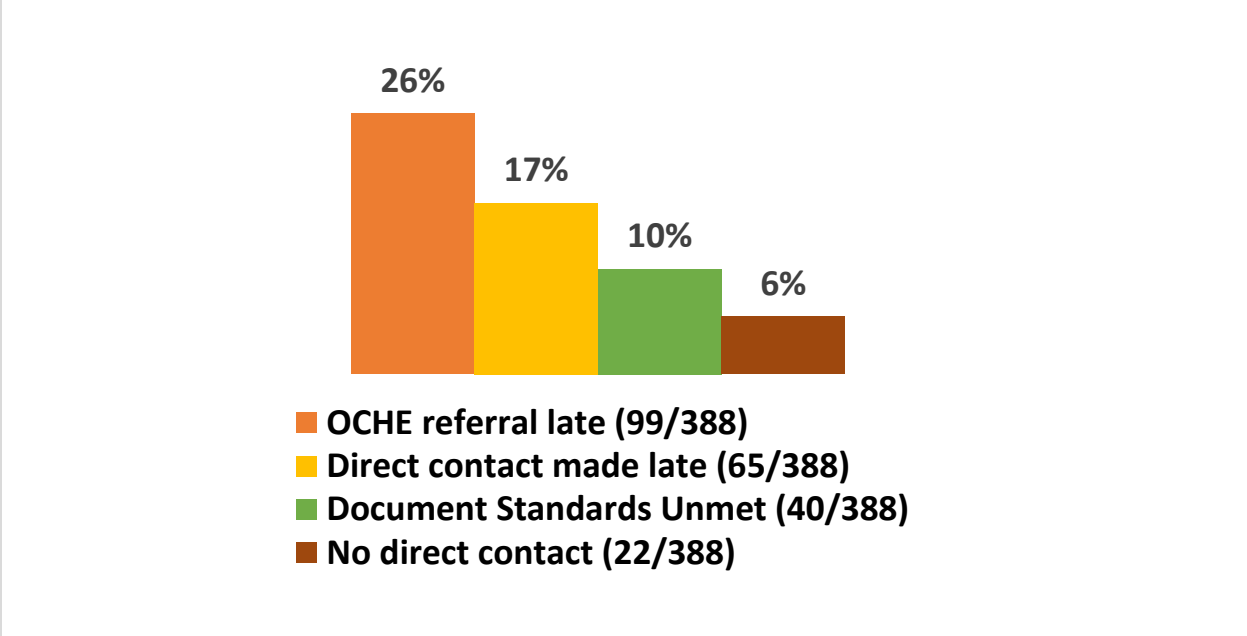
The OCHE reviewed TCHC’s compliance with the ACP and found that the top three recommendations made year over year were related to the N4 being served late, direct personal contact being made late and multiple arrears letters being sent to tenants. The OCHE analyzed the top three recommendations by determining the frequency these recommendations appeared in our audits between 2014 and 2019. The chart below shows a trend of each top recommendation increasing year-over-year.



6.2 ARREARS COLLECTION PROCESS RECOMMENDATIONS (BREACH FILES)

A file is referred back to the OCHE from TCHC if the tenant breaches the OCHE brokered repayment agreement and TCHC is unable to repair the breach. If the OCHE determines that there were exceptional circumstances that led to the breach occurring, the office will work with the tenant one more time to attempt to repair the breach or broker a new repayment agreement. It should be noted that the OCHE does not complete another full audit of the ACP and focuses on four core aspects of it: late referral of the file to the OCHE, direct contact made late or not at all and not adhering to compliance with Documentation Standards.

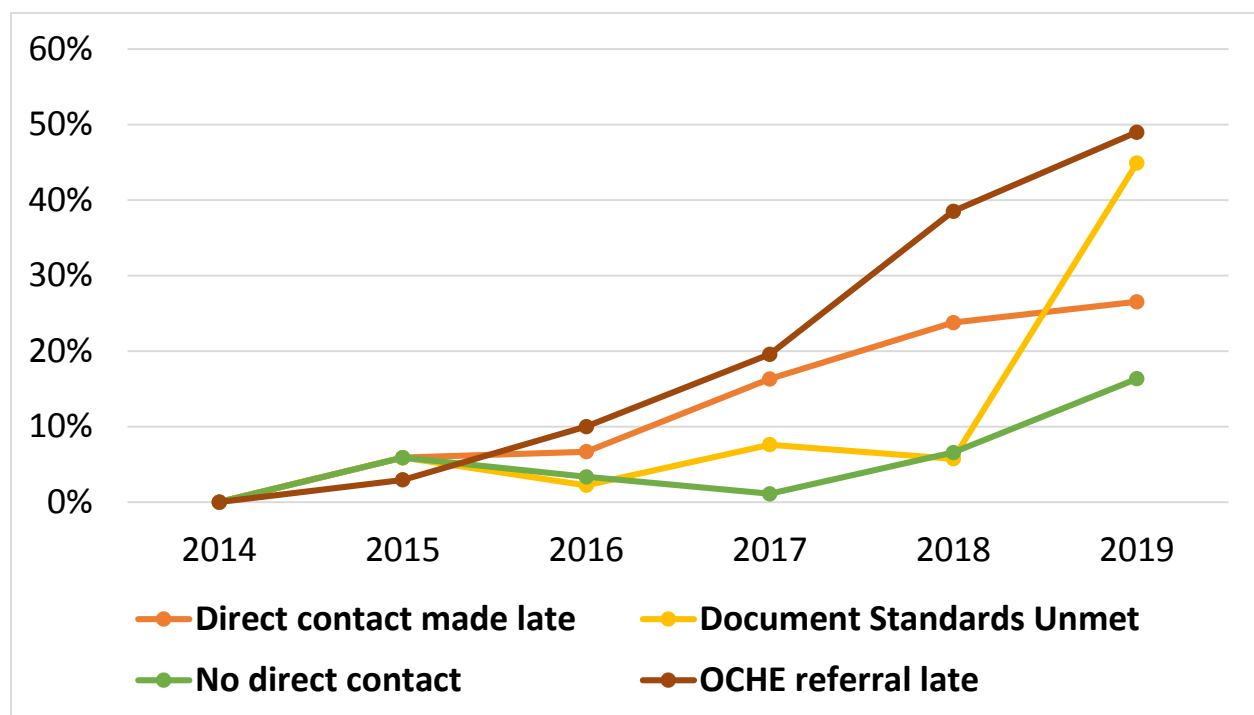
The OCHE found that the most common recommendation made was that TCHC was referring tenants to the OCHE later than the prescribed timelines, which is one month after the breach occurred. From 2014 to 2019 the OCHE reported on 388 breach files and made a total of 787 recommendations, 226 of which were recommendations regarding TCHC’s compliance with its Arrears Collection Process. Below is a chart of the recommendations made:



6.3 RECOMMENDATIONS TRENDS 2014-2019 (BREACH FILES)

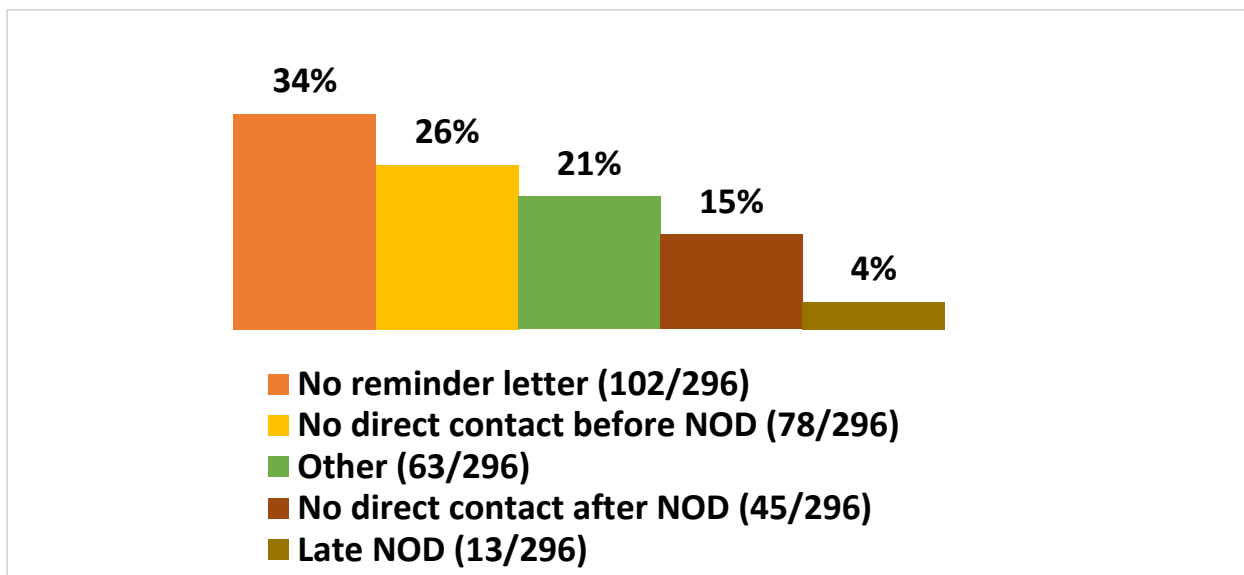
The OCHE reviewed TCHC’s compliance with the ACP regarding breach cases and found that the recommendations made year over year were related to direct contact being made late, Documentation Standards not being followed, no direct contact being made and late referral to the OCHE.

As there are only four types of recommendations made in breaches, the OCHE has laid out those recommendations on a year-over-year basis and found that each audit finding has been increasing, albeit slightly in some instances, since 2015.

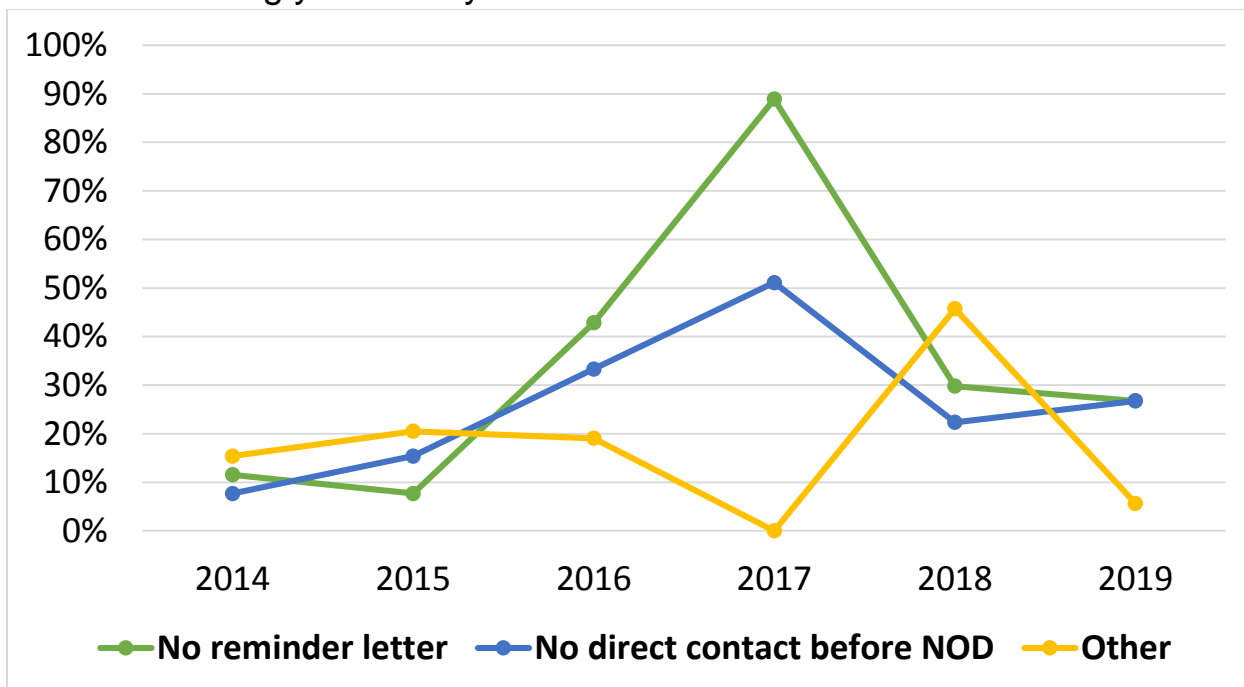


7. LOS PROCESS RECOMMENDATIONS TO TCHC

From 2014 to 2019 the OCHE reported on 1497 arrears cases, 296 of which included a LOS. The OCHE made a total of 301 recommendations regarding TCHC’s compliance with its LOS Process. Below is a chart of the recommendations made.



The OCHE analyzed the top three recommendations by determining the frequency these recommendations appeared in our audits between 2014 and 2019. The chart below shows a trend of each top recommendation has been decreasing year-over-year since 2017.

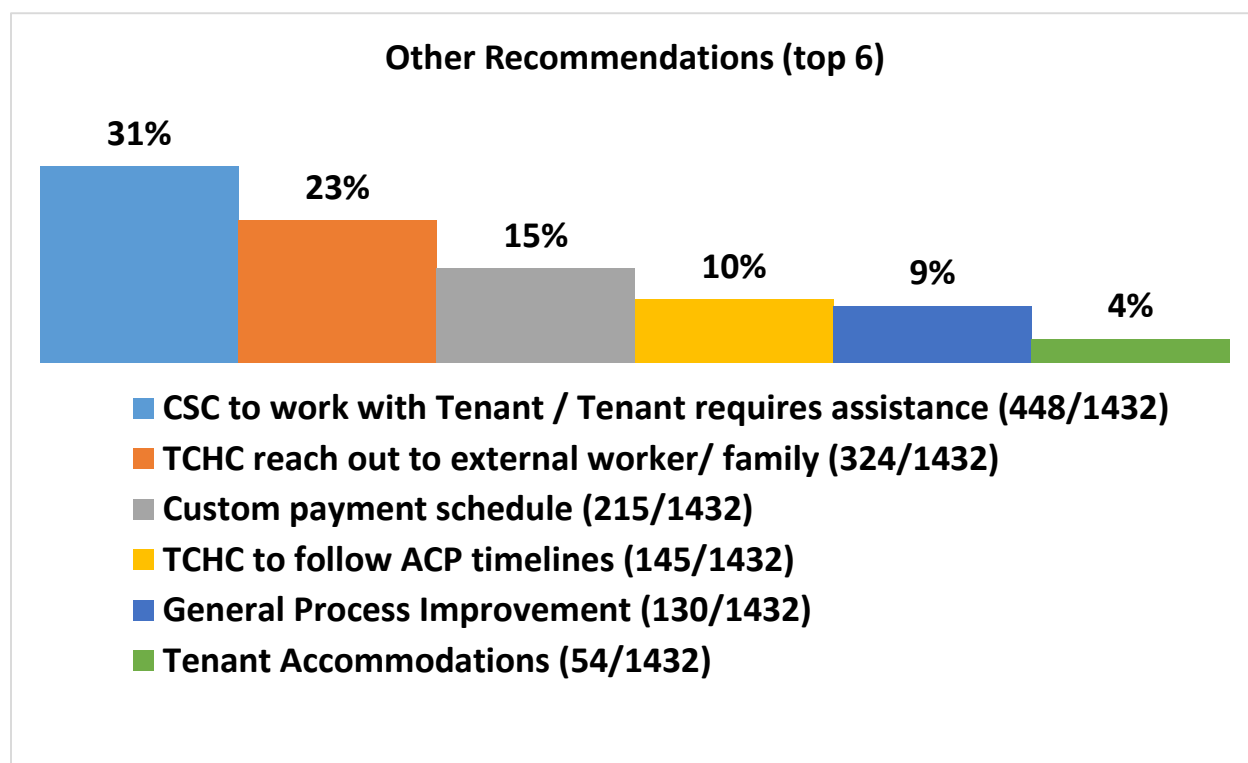


8. RECOMMENDATIONS TO TCHC

The OCHE makes recommendations to TCHC which are related to a specific case and are a reflection of each tenant’s unique circumstances.

From 2014 to 2019 the OCHE reported on 1497 arrears cases and made these recommendations 1432 times. The top three recommendations were related to making a referral to a Community Service Coordinator (CSC) in 31% (488/1432 cases), that TCHC reach out to an external worker or family in 23% of cases (324/1432) and making a custom payment schedules in 15% (215/1432) cases, as shown in the chart below.

Each of the remaining categories, account for only 3% of the recommendations from each category, which is recorded in Appendix 3.



9. RECOMMENDATIONS TO TENANTS

The OCHE makes recommendations to TCHC which are related to a specific case and are reflection of each tenant's unique circumstances. From 2014 to 2019 the OCHE reported on 1497 arrears cases and made these recommendations 290 times. The top three recommendations were:

- That the Tenant submit the required income verification documentation to reinstate or retain their Rent Geared to Income (RGI) subsidy.
- That the Tenant reach out to their local Legal Clinic⁸
- That the Tenant is reminded to report income changes to TCHC.

10. CONCLUSIONS

A review of the 8,606 recommendations made by the Commissioner to TCHC revealed that amongst compliance and prescribed timing recommendations, it is multiple letters to tenants, late service of N4s and late direct contact that makes up the top three findings by the Commissioner.

It is the Commissioner's opinion that if TCHC staff are not able to establish direct contact with tenants and fail to give tenants early notice of their precarious arrears situation and then do not promptly refer to the OCHE, it is likely that arrears will not be effectively managed and continue to accumulate.

The Commissioner believes that serving multiple letters and legal notices reduces the effectiveness of the notices, therefore having a more likely possibility of the tenant losing engagement in the resolution of the arrears.

After analyzing over 8,600 recommendations made by the OCHE to TCHC, the data collected posits that it is the late service of N4s that lead to files being sent to the OCHE late.

⁸ The OCHE uses this recommendation for all files that are referred to the LTB.

It has been reported by TCHC that Tenant Services Coordinators (TSC) have expressed difficulty in balancing the numerous tenancy administration responsibilities including, but not limited to, rent calculation, leasing, and arrears collection that are completed through TCHC's antiquated IT system that is currently being upgraded.

TCHC is currently conducting a comprehensive review of the ACP that will in turn, eliminate and/or change steps within the process that will make it most effective for tenants and TSCs.

In conclusion, through the completion of analyzing this data, it is evident that the ACP requires a complete review as there have been over 4,000 ACP findings since 2014, however there has been limited improvement in the collection of arrears and the following of the process. The OCHE has been working closely with AM on the development of a new ACP and looks forward to continuing this collaboration and working within the new process once it has been developed.