

Supplementary Report – Community Benefits Framework and Hard Targets

Date: July 11, 2019
To: City Council
From: Executive Director, Social Development, Finance and Administration
Wards: All

SUMMARY

In its consideration EC6.15 Community Benefits Framework, Economic and Community Development Committee requested the Executive Director, Social Development, Finance and Administration to report directly to the July 16 and 17, 2019 City Council meeting to provide additional information on where community benefits hard targets would apply within the proposed Community Benefits Framework.

The purpose of the Community Benefits Framework is to maximize the social and economic impact of the City's community benefits initiatives. Hard targets are a key component of most of the City's community benefits initiatives, and will continue to be as the City pursues and secures community benefits. Hard targets and outcome indicators for community benefits are important mechanisms for holding all stakeholders accountable and for evaluation. That said, there are some challenges associated with setting hard targets that require consideration.

The Community Benefits Framework will apply to three scenarios and hard targets may be established in each of these scenarios: (1) Procurement, (2) Unique Opportunities, and (3) Voluntary Agreements. Each scenario is described in this report.

A response to the July 3, 2019 Planning and Housing Committee request to discuss the community benefits objectives in Toronto Community Housing's Don Summerville community is found on page 6.

FINANCIAL IMPACT

There are no financial impacts of the content in this report. The Chief Financial Officer and Treasurer have reviewed this report and agree with the financial impact information.

DECISION HISTORY

July 3, 2019 - PH7.4 A New Approvals Framework for Toronto Community Housing Corporation Revitalization Projects
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH7.4>

On July 3, 2019, Planning and Housing Committee considered a new approvals framework for Toronto Community Housing Corporation revitalization projects. The Committee requested the Executive Director, Social Development, Finance and Administration in the supplementary report directly to July 16 and 17, 2019 City Council on EC6.15, Community Benefits Framework, to identify immediate opportunities to support employment objectives in a Don Summerville Community Benefits Agreement such as with Toronto Community Benefits Network.

June 26, 2019 – EC6.15 Community Benefits Framework

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC6.15>

On June 26, 2019, Economic and Community Development Committee considered EC6.15 Community Benefits Framework. The Committee requested a report directly to the July 16 and 17, 2019 City Council meeting to provide additional information on where hard targets for community benefits would apply within the proposed Community Benefits Framework.

COMMENTS

Community Benefits Framework and Hard Targets

The purpose of the Community Benefits Framework is to maximize the social and economic impact of the City's community benefits initiatives. The Community Benefits Framework establishes the goal, guiding principles and implementation plan for the first phase of work to support the City of Toronto to use any and all of its current and future levers to pursue community benefits.

Hard targets are a key component of most of the City's community benefits initiatives, and will continue to be as the City pursues and secures community benefits. People from equity-seeking groups and Indigenous peoples often face systemic barriers and discrimination, and are often underrepresented in certain employment sectors of the labour market. Hard targets can be used to create economic opportunities that benefit these communities. Also, hard targets and outcome indicators for community benefits are important mechanisms for holding all stakeholders accountable and for evaluation.

Where Hard Targets Apply in the Community Benefits Framework

In its first phase, the Community Benefits Framework will primarily apply in three broad scenarios. Hard targets may be established in these scenarios.

1. Procurement

- Any City Division, Agency or Corporation that implements a social procurement policy and procedures can apply hard targets.
- Currently, only City Divisions are directed to comply with the City of Toronto Social Procurement Policy.

2. Unique Opportunities

- Although fewer, there may be unique opportunities in which the City of Toronto can require hard targets for community benefits in relation to private developments (e.g. Rexdale – Casino Woodbine Community Benefits Agreement; Imagination, Manufacturing, Innovation and Technology Program¹) or as requirements within leases on City-owned land (e.g. Real Estate Services, CreateTO, Housing Now Initiative).

3. Voluntary Agreements

- Where community groups and developers are both willing to enter into exploratory discussions about community benefits on private developments on privately-owned land, there is an opportunity to set hard targets.

Table 1 on the following page presents examples of current and future hard targets based on the three community benefits scenario described above.

¹ Since 2008, recipients of the Imagination, Manufacturing, Innovation and Technology Program have been required to meet a local employment requirement to receive the property-tax incentive over a 10-year payment schedule. In 2019, City Council directed staff to pilot a points-based system that provides recipients with a menu of options for local employment and training activities from which to build their Local Employment Plan.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EC5.13>

Table 1. Current and Future Community Benefits Hard Targets

Community Benefits Scenario	Examples of Current Hard Targets	Examples of Potential Hard Targets in Future
1. Procurement	<p>Refers to establishing hard targets for community benefits through the procurement of goods, services, and construction for infrastructure projects.</p> <p>Examples:</p> <p>Social Procurement Policy implemented in 2017² (applies to City Divisions only)</p> <ul style="list-style-type: none"> • <u>Workforce Development Targets</u> Selected large-scale City projects include hard targets for the following workforce development activities: Customized recruitment (# of hires); training and work-based learning (# of hires); registered apprenticeships (5-10% of total construction hours), and other activities (e.g. job fairs). See Attachment 1 for selection process. • Since 2017, 49 large-scale City projects have been selected to include hard targets. To date, 26 projects have been awarded. <p>Toronto Community Housing Corporation</p> <ul style="list-style-type: none"> • Toronto Community Housing procurement policy includes community benefits targets in contracts with Developers on revitalization projects (e.g. Regent Park, Lawrence Heights). • Hard targets differ by revitalization site and apply to community economic development activities such as employment, training, and scholarships. 	<p>In future, <u>any</u> City Agency or Corporation that implements social procurement policy and procedures can apply hard targets.</p>

² In the 5 year period between 2017 and 2021, the supply chain diversity baseline is being established. In 2021, new targets for supply chain diversity are to be established as per the 2016 Council decision <https://www.toronto.ca/legdocs/mmis/2016/ex/bgrd/backgroundfile-91818.pdf>. Under the current supply chain diversity policy, for all low dollar value purchases \$3,000 to \$100,000, City staff are required to invite at least one certified diverse supplier as part of a three quote process. Since 2017, \$44.5M worth of contracts were awarded to certified diverse suppliers. \$3.4M went to low dollar value purchases.

Community Benefits Scenario	Examples of Current Hard Targets	Examples of Potential Hard Targets in Future
2. Unique Opportunities	<p>Refers to a range of potential unique opportunities when the City of Toronto can require hard targets for community benefits in relation to private developments and/or as requirements within leases of City-owned land.</p> <p>Example of a unique opportunity with a private development:</p> <p>Rexdale - Casino Woodbine Community Benefits Agreement</p> <ul style="list-style-type: none"> • 40% new hires through local or social hiring • 50% full-time jobs • 10% of construction hours through local or social hiring • 10% annual procurement through local or diverse suppliers • 1 community event per month in entertainment venue • \$5 million towards child care centre 	<p>In future, unique opportunities may be explored through private developments and/or lease agreements through City Divisions, Agencies and Corporations like Real Estate Services, CreateTO, and the Housing Now initiative.</p>
3. Voluntary Agreements	<ul style="list-style-type: none"> • Where community groups and developers are both willing to enter into exploratory discussions about community benefits on private developments on privately-owned land, there is an opportunity to set hard targets. • The Community Benefits Framework enables the City to support the development and implementation of voluntary agreements. 	

Challenges and Opportunities with Hard Targets for Community Benefits

One of the guiding principles of the Community Benefits Framework is achieving accountability. Establishing, monitoring and reporting on hard targets contributes to accountability, as well as evaluation. That said, there are some challenges associated with setting hard targets that require consideration.

Setting hard targets is not a one size fits all approach across all projects. The scope and nature of projects may impact the targets. For example, infrastructure projects that primarily require highly specialized skills and equipment may present limited opportunity for training, apprenticeships, and supply chain diversity. The City's Social Procurement Program applies careful criteria in determining suitable projects for which to require community benefits (see Attachment 1).

Much work has been done to create, improve and coordinate training and hiring pathways that enable the achievement of community benefits outcomes. However,

there is ongoing need to ensure there is sufficient training capacity across the system that aligns and coordinates with forecasted apprenticeship placements across all of the local projects with community benefits requirements. Job candidates from equity-seeking groups and Indigenous peoples often require some pre-employment training and employment supports prior to employment, during employment, and to maximize employment retention. This is particularly significant in sector-specific employment areas where there are prerequisite skills training and qualifications such as skilled trade apprenticeships in the construction sector.

Furthermore, there are certain constraints to applying hard targets to multiple projects in a short period of time within a specific geographic location. There must be consideration for the need to balance the potential influx of new apprentices with the skill levels required for certain projects, jobsite safety requirements, apprentice-to-journeyperson ratios, and long-term employment sustainability in a regulated and project-based industry known for cyclical, seasonal employment. As a result, there needs to be a measured and coordinated approach to developing hard targets within and across projects.

Therefore, to support the successful achievement of hard targets, employment support systems and reliable hiring pathways for people from equity-seeking groups and Indigenous peoples must be prepared to respond to the hiring opportunities that hard targets may present. These systems and pathways involve many players, including union hiring halls, union training centres, contractors, developers, employment agencies, government, community members, and community organizations, many of whom have been active in the community benefits field for a considerable amount of time. Greater coordination and integration are required, including clarification of roles and responsibilities, to maximize community benefits outcomes and respond to opportunities in real time.

Similarly, the pool of certified diverse suppliers needs to grow in pace with the demand of purchasing trends. There are currently approximately 500 suppliers on the City's certified diverse supplier list. See Attachment 1 for further discussion.

Put simply, the Community Benefits Framework and proposed Community Benefits Coordinator are being established to lead the City's efforts to coordinate and integrate the required multi-stakeholder system that will maximize the social and economic impacts of community benefits initiatives, of which hard targets are, and will remain, an important component.

DON SUMMERVILLE COMMUNITY BENEFITS

PLANNING AND HOUSING COMMITTEE, ITEM PH7.4 A NEW APPROVALS FRAMEWORK FOR TORONTO COMMUNITY HOUSING CORPORATION REVITALIZATION PROJECTS

On July 3, 2019, Planning and Housing Committee requested the Executive Director, Social Development, Finance and Administration in the supplementary report directly to City Council on EC6.15, Community Benefits Framework, identify immediate opportunities to support employment objectives in a Don Summerville Community Benefits Agreement such as with Toronto Community Benefits Network.

The Toronto Community Housing Corporation is committed to achieving community benefits outcomes in its revitalization projects. Toronto Community Housing includes specific community benefits provisions (referred to as "community economic development" provisions) in tender contracts with developers. Most include hard targets for training and job opportunities, apprenticeships and scholarships.

Toronto Community Housing has dedicated community economic development staff, as well as relationships with organizations including Construction Connections, Creating Real Apprenticeship For Toronto, Building Up, and a variety of employment and community organizations, all of which can support tenants to access opportunities and resources made available through its community benefits initiatives.

At Don Summerville, Toronto Community Housing, the Housing Secretariat and the developer have reached an approach to develop a new mixed income community, including the replacement of rent-geared-to-income housing and new affordable rental housing. Going forward, Toronto Community Housing and the Housing Secretariat will finalize community benefits provisions with the developer.

The community benefits provisions will reflect the feedback received from the community consultation – which placed a greater interest in part-time professional, administrative and technical jobs, as well as scholarships, and less of an interest in employment in construction. Toronto Community Housing and the Housing Secretariat are committed to working with the developer to ensure there are hard targets for community benefits and that they are monitored and met.

The employment objectives established as a community benefit in the Don Summerville Revitalization Project can be supported by Toronto Community Housing working in alignment with the Community Benefits Framework and collaborating with the proposed Community Benefits Coordinator³. The Coordinator can provide resources and information related to the City's Social Procurement policy and procedures that may be useful to Toronto Community Housing's efforts to establish and achieve hard targets, leverage existing sector-based workforce development pathways and pre-employment programs, and track and report data. Additionally, Toronto Community Housing's experience with community economic development can inform the City's efforts and help prioritize systems issues that most urgently need to be addressed in order to maximize community benefits outcomes.

The success of community benefits initiatives depend on the involvement of a broad range of players, who vary according to the nature of the project and community needs. For example, organizations such as the Toronto Community Benefits Network can provide expertise on the characteristics of good community benefits agreements and how to ensure authentic community engagement. Toronto Community Benefits Network can also provide pre-apprenticeship training to help interested applicants gain the basic skills required to enter a construction apprenticeship. There are many community groups and employment agencies that offer a range of supports to people seeking to take advantage of training and employment opportunities in construction, as well as in other professional, technical and administrative fields.

³ The Community Benefits Coordinator position is to be considered at July 16 – 17, 2019 City Council through the EC6.15 Community Benefits Framework report, and pending Council approved outcomes of the 2020 budget.

CONTACT

April Lim april.lim@toronto.ca 416-392-8918
Policy Development Officer, Social Development, Finance and Administration

Sarah Blackstock sarah.blackstock@toronto.ca 416-392-8291
Social Policy Manager, Social Development, Finance and Administration

SIGNATURE

Chris Brillinger
Executive Director, Social Development, Finance and Administration

ATTACHMENTS

Attachment 1. Overview on the City of Toronto Social Procurement Policy and Program

ATTACHMENT 1. OVERVIEW ON THE CITY OF TORONTO SOCIAL PROCUREMENT POLICY AND PROGRAM

Background

In 2016, Toronto City Council adopted the City of Toronto's Social Procurement Policy and Program as a tangible step to leverage the economic power of the City to stimulate job opportunities, support local businesses, and drive economic growth. The City's Social Procurement Program is comprised of two components: Workforce development and supply chain diversity.

Workforce Development Overview

Workforce Development is an interconnected set of solutions that prepare workers with requisite skills, emphasizing the value of workplace learning, facilitated by the collaboration between employers, training and education institutions, government, and communities.

In the Social Procurement Program, hard targets may be applied to the following workforce development activities, which include but are not limited to:

- Customized recruitment involves employer needs-based approaches to sourcing qualified candidates for available jobs, developed and implemented in conjunction with existing hiring methods to enhance and augment typical talent pools.
- Training and work-based learning can include programming that allows candidates to formally gain the requisite skills to compete for emerging job opportunities, or activities that emphasize learning in a real work environment. Activities may include supporting the attainment of professional certifications or licensing or activities ranging from shorter and less formal workplace exposure such as workplace tours and job shadowing to longer term and more intensive paid internships with specific skill development objectives.
- Registered apprenticeships during construction by hiring, directly or through subcontractors and training programs to provide candidates with access to skilled trades.
- Other activities that give employment-related opportunities to candidates, such as participating in sector/industry career information sharing, learning and networking events; providing mentorship; and supporting pre-employment workshops such as resume and interview skills development.
- Supply chain diversity are opportunities to include hard targets for sub-contracting to certified diverse suppliers, including social enterprises, during the course of the project.

Workforce Development Screening Process and Eligibility Criteria

Establishing, monitoring and reporting on hard targets contributes to accountability, as well as evaluation. That said, setting hard targets is not a one size fits all approach

across all projects. The scope and nature of projects may impact the targets, as well as the degree to which potential workforce development candidates can meet the minimum qualifications needed to access possible employment opportunities. Therefore, the Social Procurement Program applies the following criteria to determine suitable projects for which to require community benefits:

- Total project value exceeds \$5 million
- Project length is greater than two years
- Demonstrates the potential to generate desired employment-related opportunities
- Compliant with any collective agreement(s) to which the City is bound in the construction industry and must be consistent with applicable construction industry collective agreements
- Compliant with any other City by-laws and policies, e.g., Fair Wage Policy

Once shortlisted, the Social Procurement Coordinator, in consultation with an interdivisional team comprised of Toronto Employment and Social Services, Social Development, Finance and Administration, Purchasing and Materials Management Division, and Divisional Project Managers, evaluate each shortlisted procurement project in consideration of the following qualitative criteria:

- Suitability - Degree to which possible employment-related opportunities can provide candidates with a meaningful experience, learning, and skill development.
- Reach - Degree to which potential workforce development candidates can meet the minimum qualifications needed to access possible employment opportunities.
- Volume - Estimated number of employment-related opportunities offered as part of the procurement project.
- Feasibility - Likelihood that workforce development outputs can be achieved within the proposed timeframe of the contract.

Workforce Development Achievements to Date

Since 2017, 49 projects were selected to include workforce development requirements. Of these, 26 projects have been awarded (13 Request for Proposals and 13 Construction Tenders). In 2018, 5 projects began hiring. There is a period of several months or at times longer, between when projects are selected to when they are awarded. Similarly, there is often a lag between when projects begin and when sub-contractors require the hiring of additional labour.

Supply Chain Diversity Overview

Supply Chain Diversity is a business strategy that promotes the use of certified diverse suppliers within an organization's supply chain. At the City of Toronto, staff making purchases valued between \$3,000 and \$100,000 are required to invite at least one certified diverse supplier as part of the three quote process. This is not about preferential treatment. It is about removing barriers to access and supporting a competitive climate.

There is also language in the City's Request for Proposals which encourages proponents to adopt a similar supply chain diversity program to that of the City's. Large City infrastructure projects selected for workforce development may also have supply chain diversity requirements.

Supply Chain Diversity Achievements to Date

Since 2017, over 700 contracts valued at approximately \$44.5M were issued to certified diverse suppliers. Of this amount, roughly \$3M in contracts were valued between \$3,000 and \$100,000 - which is within the social procurement policy range – and were awarded to certified diverse suppliers.

In 2017, 233 contracts valued at \$35,439,638 were issued to 43 certified diverse suppliers. This amount includes two large contracts, valued at \$27,592,500, issued to a single certified diverse supplier. If we exclude these two large contracts, the total amount issued to certified diverse suppliers in 2017 was \$7,847,138. Of the \$7.85M, \$1,337,278 in contracts valued \$3,000 to \$100,000 were awarded to certified diverse suppliers.

In 2018, 478 contracts valued at \$8,965,592 were issued to 44 certified diverse suppliers, representing a 14% increase over the previous reporting period (excluding the two large contracts valued at \$27,592,500). Of the \$9M, \$1,734,542 in contracts valued between \$3,000 and \$100,000 were awarded to certified diverse suppliers, representing a 30% increase over the previous reporting period.

Key Challenges and Opportunities

The Social Procurement Program has identified a number of challenges in implementing the new policy and activating organizational change through purchasing at the City of Toronto. One challenge is related to building upon and improving the coordination of training and hiring pathways that enable the achievement of workforce development outcomes. There is a need to constantly ensure there is sufficient training capacity across the system and consistently coordinate the apprenticeship placement process across all of the City projects with workforce development requirements.

Another challenge is in having access to a pool of certified diverse suppliers whose products and services align with the purchasing demands of the City of Toronto. These challenges are being addressed by the interdivisional team that supports the Social Procurement Program. The introduction of the Community Benefits Framework and the proposed Community Benefits Coordinator can assist in addressing these challenges and opportunities.