

TORONTO COMMUNITY HOUSING CORPORATION

NOT FULLY IMPLEMENTED AUDIT RECOMMENDATIONS

Report Title: Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations
Report Date: 03/28/2019

No.	Recommendation	Management Comments as of June 23, 2021
2	<p>City Council request the City Manager, in consultation with the Director, Affordable Housing Office, and the General Manager, Shelter, Support & Housing Administration Division, as part of the City's strategy for addressing housing affordability, to:</p> <p>a. evaluate efficient and cost-effective ways to increase the supply of affordable housing units with adequate consideration of broader social factors and public policy objectives;</p> <p>b. make recommendations to City Council, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), on whether more affordable housing units should be required in future TCHC revitalizations based on a site-by-site evaluation of financial and social implications.</p>	<p>Note: Management updated the status of the recommendation to report that it has been fully implemented after the Auditor General's Office had already completed the current follow-up review. Management's assertion will be verified in a subsequent follow-up.</p> <p>a. Complete and will be ongoing for all future City-led or funded projects - Each project will be assessed on an ongoing basis with consideration of social and public policy objectives, including how such projects contribute to the City's HousingTO 2020-2030 Action Plan objectives aimed at: a) delivering 40,000 new affordable rental homes by 2030; and b) increasing a range of housing options in all wards across the city.</p> <p>b. Complete – With the implementation of the New Approvals Framework for TCHC Revitalization, a site by site evaluation process for the integration of more affordable housing units is now imbedded in the City's planning and approvals process. This process looks at each revitalization opportunity from a City building built form, social and financial perspective in consultation with TCHC. The Housing Secretariat will continue to report to Council on the outcomes of that work on a site by site basis either through an Initial Development Proposal or through an Interim Update (if requested by Council). As an example, there will be a report back to Planning and Housing Committee in Q4 2021 for the next phase of Lawrence Heights.</p> <p>Firgrove-Grassway project https://www.toronto.ca/legdocs/mmis/2020/ph/bqrd/backgroundfile-145691.pdf</p> <p>Lawrence Heights Phases 2 and 3 http://app.toronto.ca/tmmis/viewAgendaItemDetails.do?function=getMinutesItemPreview&agendaItemId=106638</p> <p>Don Summerville https://www.toronto.ca/legdocs/mmis/2019/cc/bqrd/backgroundfile-135993.pdf</p>
3	<p>City Council request the Chief Planner and Executive Director, City Planning, to:</p> <p>a. review the Official Plan Policy 3.2.1.9(b) for appropriateness and practicality, and make recommendations to Council on any necessary amendments; and</p> <p>b. ensure that the Official Plan Policy 3.2.1.9(b) (or any subsequent amendment)</p>	<p>City Planning is currently advancing work on a citywide Official Plan and Zoning Amendment for inclusionary zoning, based on provincial amendments to the Planning Act and the Growth Plan.</p> <p>Additionally, there have been amendments to the Planning Act regarding the introduction of a Community Benefits Charge to be implemented by municipalities through the completion of a Community Benefits Strategy and By-law. That work is being initiated. The outcome of work on inclusionary zoning and a</p>

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	<p>is applied consistently on all future large site development applications. Where applicants seek amendments from this policy, City Planning should clearly explain the rationale and analysis for the amendments, and provide alternatives for achieving new affordable housing in its reports.</p>	<p>community benefits charge is expected to result in a review of Policy 3.2.1.9 (Timeframe Q3, 2021).</p> <p>There were no final reports on development applications that were implementing the large site policy over the past year (i.e. through Zoning By-law Amendments). Staff continue to consistently advance Policy 3.2.1.9 for large sites through both planning studies and site-specific applications.</p>
4	<p>City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation and other relevant stakeholders, to evaluate the impacts of requiring that new affordable housing be provided by developers in any real estate development transactions. Such evaluation should consider the financial implications and/or trade-offs to the City as a whole, as well as potential incentives and strategies that can make providing affordable housing more attractive to potential developers.</p>	<p>In progress and will be ongoing for all future revitalization projects – The City and TCHC are evaluating the impacts of the use of various incentives and strategies to encourage developers to include affordable housing in future developments.</p> <p>The City and TCHC staff have established and implemented a process to evaluate cost impacts of adding net new affordable rental housing for in-flight and future revitalization projects. This includes:</p> <ul style="list-style-type: none"> • Financial implications and/or trade-offs for the City • Identifying tools to reduce cost impacts including potential higher density; Open Door program incentives; and Canada Mortgage and Housing Corporation funding and/or financial programs
6	<p>City Council request the City Manager to ask the Boards of CreateTO and Toronto Community Housing Corporation to ensure these organizations increase collaboration and consultation with a view to improving the function of each organization independently in the short-term. Such work should commence as soon as possible.</p>	<p>Note: Management updated the status of the recommendation to report that it has been fully implemented after the Auditor General's Office had already completed the current follow-up review. Management's assertion will be verified in a subsequent follow-up.</p> <p>Complete. A collaborative table was created to provide input and review on all future TCHC RFPs including the Lawrence Heights RFP in the short term. In addition, TCHC, CreateTO and the Housing Secretariat hold regular meetings related to the development of TCHC properties to further city building initiatives.</p> <ul style="list-style-type: none"> • As part of the New Approvals Framework adopted on July 16, 2019 (2019.PH7.4), CreateTO is now involved in the initial planning and procurement phases of new revitalization projects. <ol style="list-style-type: none"> 1. CreateTO will participate in the identification and prioritization of possible sites for revitalizations. This work will be undertaken once the transfer of TCHC development functions to CreateTO is complete. 2. CreateTO is engaged in the identification of city-building opportunities, due diligence and initial project design to establish the potential scope and feasibility of revitalization. 3. Initial Development Proposals for TCHC revitalization projects are presented to the joint CreateTO and City-led Strategic Program Management Committee, which is responsible for senior level program coordination, collaboration and input respecting real estate needs of Divisions, Agencies and Corporations (DAC). The

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		<p>forum is leveraged by CreateTO to identify other City-building opportunities and City infrastructure that can be included in revitalization initial development proposals. Initial Development Proposals for several TCHC revitalization have already been brought to SPMC, including Don Summerville, Firgrove, Lawrence Height Phase 2 and 3.</p> <p>4. CreateTO is engaged in the definition of business terms that are used for TCHC's procurement of development partners. In addition, CreateTO will participate in the evaluation of bids along with City staff and TCHC.</p> <ul style="list-style-type: none"> At its July 16, 2019 meeting, Council also adopted in principle the transfer of TCHC development function to CreateTO (2019.EX7.1). As part of the due diligence to prepare for the transfer (still pending), staff from CreateTO, TCHC, and the City have been engaged and collaborating on in flight revitalization projects (Lawrence Height Phase 2 and 3). CreateTO and TCHC are also collaborating with the Housing Secretariat on potential in-fill opportunities on TCHC lands. As part of this collaboration CreateTO is bringing a City-wide lens to the planning for these projects: city building opportunities with DACs and wider geographic lens with knowledge of other City properties in the vicinity that can be leveraged to achieve enhanced outcomes. This work is currently ongoing and staff from TCHC and CreateTO are meeting regularly to advance the work.
8	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), in consultation with the City Manager, to formalize TCHC's Development Strategy and report to City Council through the City Manager to seek input and endorsement thereof. The Strategy should:</p> <p>a. include clear revitalization program objectives and performance measures for future developments;</p> <p>b. include short-, medium-, and long-term goals that are outcome-oriented; and</p> <p>c. support overall city-building priorities, where possible.</p>	<p>As part of Tenant's First and the Development function transfer to CreateTO, the portfolio strategy will be developed by CreateTO to ensure it fits in with the City's broader real estate strategy. This work will not begin until a final decision is made by City Council regarding the development function transfer.</p>
9	<p>City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation, to bring forth recommendations to clarify the Shareholder Direction to Toronto Community Housing Corporation with respect to the City's approval and ongoing oversight of revitalizations, specifically:</p>	<p>Note: Management updated the status of the recommendation to report that it has been fully implemented after the Auditor General's Office had already completed the current follow-up review. Management's assertion will be verified in a subsequent follow-up.</p> <p>Complete. An updated Shareholder Direction to TCHC was approved by Council on July 14-16, 2021. The Shareholder Direction specifies that TCHC facilitates the development of its</p>

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	<p>a. the timing and scope of approvals, including objectives and priorities for the revitalization; and</p> <p>b. the level of detailed reporting required annually on project progress, capital budget variances, updated forecasts and adherence with the Council-approved strategic direction and principles, including barriers and challenges.</p>	<p>lands and buildings utilizing a process led by the City and CreateTO as Directed by Council, and that approval of Council is required before facilitating any new development. The required approvals and reporting for new developments involving TCHC will be consistent with the New Approvals Framework adopted on July 16, 2019 (2019.PH7.4).</p>
10	<p>City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation, to report the outcomes (short, medium, and long-term) achieved at the completion of each phase of revitalization projects in order to demonstrate the overall financial and non-financial stakeholder impacts. Such reports be completed as soon as practicable following the completion of each phase of a project.</p>	<p>This reporting will begin at the final closeout of Phase 1 Alexandra Park by the end of 2022.</p>
12	<p>City Council request the City's Chief Financial Officer to ensure the City's 10-Year Capital Plan includes Toronto Community Housing Corporation's building capital repair and revitalization projects and identify shortfalls to be included in the overall city unfunded projects list. In addition, the City needs to identify any associated debt that needs to be included in the City's debt service targets.</p>	<p>The City has directed significant added capital funding towards the TCHC since the 2020 budget process (\$1.6 billion in added 10-Year capital last year and an added \$160 million this year). These funds were directed to the critical need to address the growing backlog of state of good repair needs within existing TCHC facilities. Steps and exploration of funding opportunities continue to be taken for revitalization projects. Finance will continue to work with TCHC to ensure 10-year capital shortfalls are included in the overall City unfunded projects list.</p> <p>As part of the annual budgeting process, TCHC has provided the 10-year revitalization projects capital plan to the City. However, the funding requirements were not included in the City's 10-year capital plan.</p>
15	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to:</p> <p>a. implement negotiation protocols for soliciting and evaluating clarifications and improvements to terms in development partner proposals in order to ensure TCHC is obtaining proponents' best and final offers during the final round of negotiations; and</p> <p>b. ensure protocols describe the documentation that needs to be prepared and retained.</p>	<p>This recommendation is in progress given the Development function transfer to CreateTO, who will now be overseeing the procurement process for a Developer Partner. The framework of what types of partnerships CreateTO will seek under the new model is yet to be determined and TCHC may not be involved in the negotiations process.</p> <p>Prior to the last TCHC-led RFP, the negotiation protocol was aligned with the recommendation to obtain proponents' best and final offer during the final round of negotiations.</p>
18	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to ensure that TCHC's final profit share reflects any necessary adjustments for construction costs of the retail space purchased by the development partner.</p>	<p>The recommendation is in progress, but will not be reflected until the final distribution of profit share in 2023 to show that the costs for retail spaces purchased by the developer partners have been adjusted.</p>
21	<p>The Board request the Chief Executive Officer, Toronto Community Housing</p>	<p>TCHC's focus has been on COVID-19 and resources have been allocated to such, along with resources allocated to the</p>

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	<p>Corporation, to enhance the Procurement Policy to address the specific processes and procedures relevant to real estate transactions. Such policy enhancements should be implemented as soon as possible.</p>	<p>CreateTO transfer. Until Tenant's First and the Development Function transfer has been resolved, this recommendation cannot be fully implemented as it is unclear who will have oversight of procurement for real estate related matters moving forward.</p> <p>In the interim, the TCHC procurement team is working to update its procurement policy, procedures and protocols which is expected to be completed by the end of 2021 or early 2022.</p>