

WHY THIS AUDIT MATTERS

Toronto Community Housing Corporation (TCHC) revitalization initiatives are a significant undertaking. They offer the chance to plan and build a community starting from the ground up. TCHC's revitalization program aims to leverage the value of its lands in order to replace aging buildings and keep the building capital repair backlog from increasing. It also provides an opportunity for social and economic change.

The City and TCHC need to strategically align their priorities and desired outcomes for revitalizations and support their achievement with an adequate funding plan. Doing so will not only ensure that existing social housing is replaced, but can also more effectively address the other city priorities, such as increasing the supply of affordable housing.

BY THE NUMBERS

- **\$2.3B:** Unfunded portion of TCHC's \$3.4B 10-year capital requirements (2019-2028) to support both its capital repair backlog and current phases of revitalizations
- **6 revitalization sites** with construction underway:
 - **4,800** TCHC rent-geared-to-income (RGI) units replaced or refurbished (or 8% of total TCHC units)
 - **12,800** new market units created
 - **645** units of new affordable housing added (405 rental and 240 ownership)
 - **>20 years** and **5 phases:** span of TCHC's largest revitalization project (Regent Park)
 - **\$173.8 M:** TCHC's forecasted net funding shortfall to complete all remaining phases of ongoing revitalization projects from 2018-2035

BACKGROUND

TCHC is the largest social housing provider in Canada. The City's mandate for TCHC is to provide clean, safe, well-maintained social housing. Aging buildings and funding pressures have led to significant capital needs. In implementing *Tenants First*, the City is developing a permanent funding model for TCHC's operating and capital needs.

WHAT WE FOUND

A – Revitalization: An Important City-Building Opportunity

The City has an opportunity to address key priorities within TCHC revitalizations, such as increasing the supply of affordable housing. Successfully addressing multiple city-building objectives through site redevelopment requires the City to coordinate key priorities, raise the visibility of the funding issues and ensure there is a plan to achieve desired outcomes. To do this, a broader, more integrated approach is needed.

B – Enhancing Oversight, Accountability and Transparency

In recommending revitalization priorities and establishing funding strategies, TCHC and the City should work together to create a formal development strategy. They should establish ways to measure the outcome-focused goals to be set out in the strategy. They should also evaluate and report on outcomes achieved. Given the significant financial pressures it is facing, TCHC can support ongoing oversight and raise the visibility of the funding required from City Council and others by enhancing the transparency and timeliness of reporting throughout the span of revitalizations.

C – Enhancing Procurement Practices

TCHC can further enhance its processes and controls for selecting its development partners by:

- Implementing formal negotiation protocols and explaining significant negotiated business terms more fully to the Board
- Performing a comprehensive evaluation of business terms using a robust financial model
- Using certified appraisals for land valuation
- Developing policies specific to real estate transactions, including record retention requirements

HOW RECOMMENDATIONS WILL BENEFIT THE CITY

Implementing the **23 recommendations** will help **the City and TCHC work together to achieve broader city-building objectives and will improve accountability for the outcomes of revitalizations**. It will also help TCHC to enhance its procurement practices related to real estate transactions.