

**Presentation to the Audit Committee
on May 3, 2019, Agenda Item AU2.1**

**AUDITOR
GENERAL**

TORONTO

Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations

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Presentation Overview

- 1. Background**
- 2. Audit Objective and Scope**
- 3. Key Audit Findings and Recommendations**
- 4. Moving Forward Together**

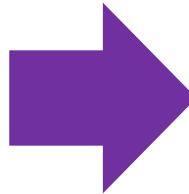
Background: Objective of Revitalizations

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
- ❖ provides an opportunity for social and economic change

2013-2022 Capital Plan

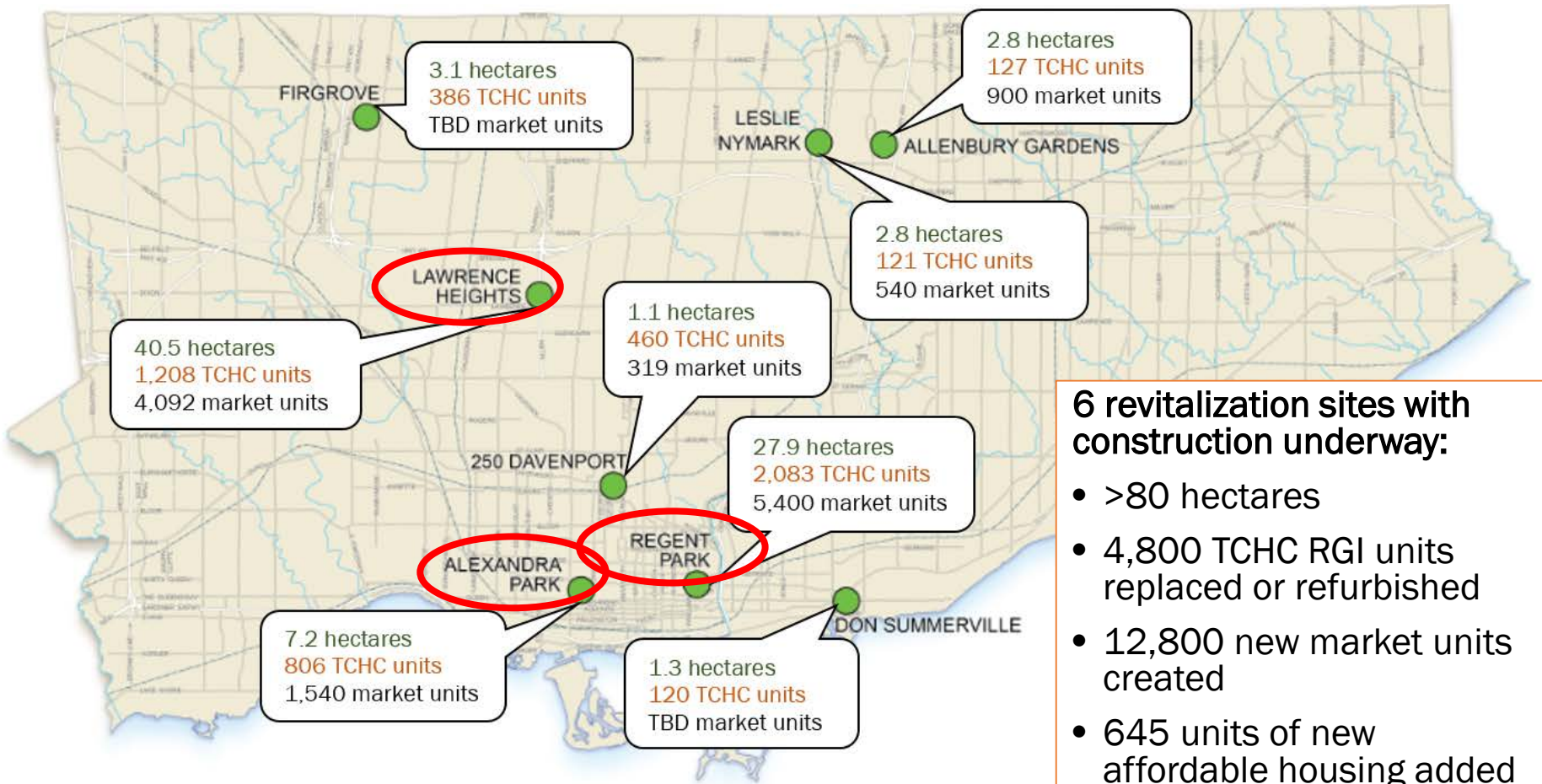
- **\$2.6B** in 10-year capital requirements
- excluded \$215M backlog for buildings within approved revitalization projects



2019-2028 Capital Plan

- **\$3.4B** in 10-year capital requirements for:
 - \$3.1B capital repair backlog
 - \$0.3B shortfall for current phases of revitalizations
- **\$2.3B** is unfunded

Background: Sites Being Redeveloped



- 6 revitalization sites with construction underway:**
- >80 hectares
 - 4,800 TCHC RGI units replaced or refurbished
 - 12,800 new market units created
 - 645 units of new affordable housing added

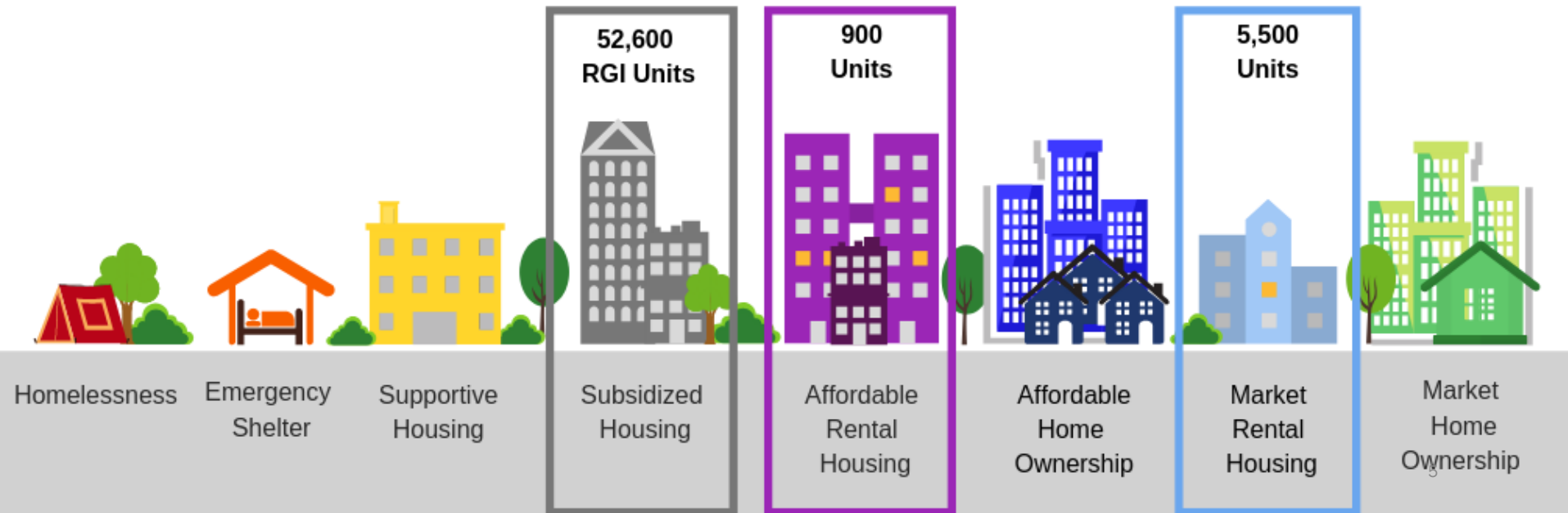
Audit Objective and Scope

- **Audit objective:**

To evaluate the extent to which TCHC's revitalization program addresses the challenges of providing public social housing and contributes to city-building priorities

- **Limitations:**

- Certain documents not retained / located
- staff turnover



Three Broad Themes of the Audit

- A. Revitalization: An Important City-Building Opportunity
- B. Enhancing Oversight, Accountability and Transparency
- C. Enhancing Procurement Practices

A. Revitalization: An Important City-Building Opportunity

1. Broader, more integrated approach, moved forward directly by the City
2. City should play a key role in setting the priorities that will be addressed on TCHC redevelopment sites
3. City should work out the long-term financial plan to achieve desired outcomes

A. Revitalization: An Important City-Building Opportunity

Affordable housing is an example

- Opportunities to leverage TCHC revitalizations to strategically address other housing supply challenges

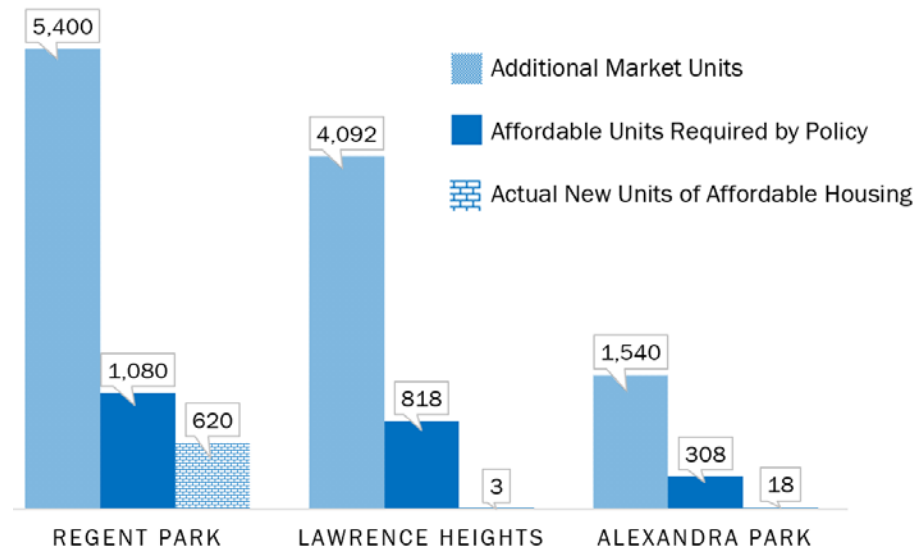
Affordable Unit Type	Regent Park	Alexandra Park	Lawrence Heights	Allenbury Gardens	Leslie Nymark	250 Davenport	Total
Affordable Rental	397	8	0	0	0	0	405
Affordable Ownership	223	10	3	4	0	0	240
Total	620	18	3	4	0	0	645

- More funding needed to build more affordable housing
- City should also evaluate other ways to advance affordable housing priorities

A. Revitalization: An Important City-Building Opportunity

City should evaluate other ways to advance affordable housing priorities

1. Assessing cost-effective ways to expand affordable housing
2. Applying Official Plan requirements to prioritize affordable housing



3. Incentivizing developers to include affordable housing and considering financial implications thereof

A. Revitalization: An Important City-Building Opportunity

Integrating TCHC Development Activities with the City-Wide Real Estate Strategy

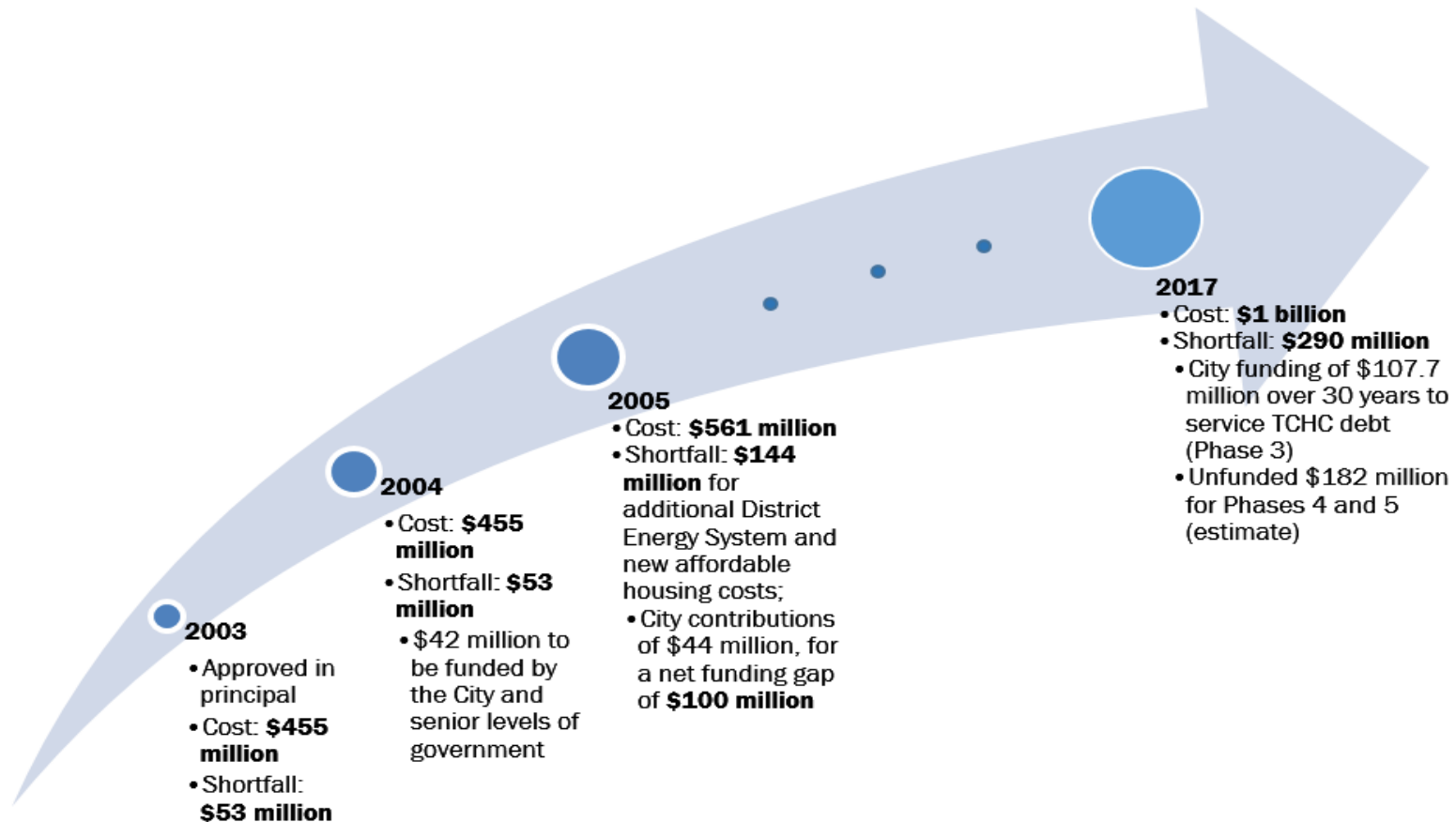
- TCHC continues to move forward with its own development activities independently from CreateTO
- There is opportunity to increase collaboration to improve the function of both CreateTO and TCHC
- Potential synergies:
 - Aligning development principles
 - Benchmarking risk tolerance / criteria for risk-return trade-offs
 - Leveraging or pooling resources for development planning, identifying development partners, and negotiating transactions

B. Enhancing Oversight, Accountability and Transparency

1. Establishing an outcome-focused development strategy with appropriate measures
2. Supporting the City's oversight of revitalizations by:
 - clarifying required approvals
 - enhancing progress reporting
 - raising the visibility of funding requirements
3. Improving transparency of development activities within the long-term capital plan

B. Enhancing Oversight, Accountability and Transparency

- An example of where financial reporting to City Council on Regent Park could be improved



C. Enhancing Procurement Practices

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

Moving Forward Together

- Implementing the recommendations will help the City and TCHC to work together to look at a revitalization project in a comprehensive manner and plan for positive change over the long-term
- 23 recommendations:
 - 11 directed to the City
 - 12 directed to TCHC
- TCHC and City management have agreed to all recommendations and have already taken steps to start implementing them

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