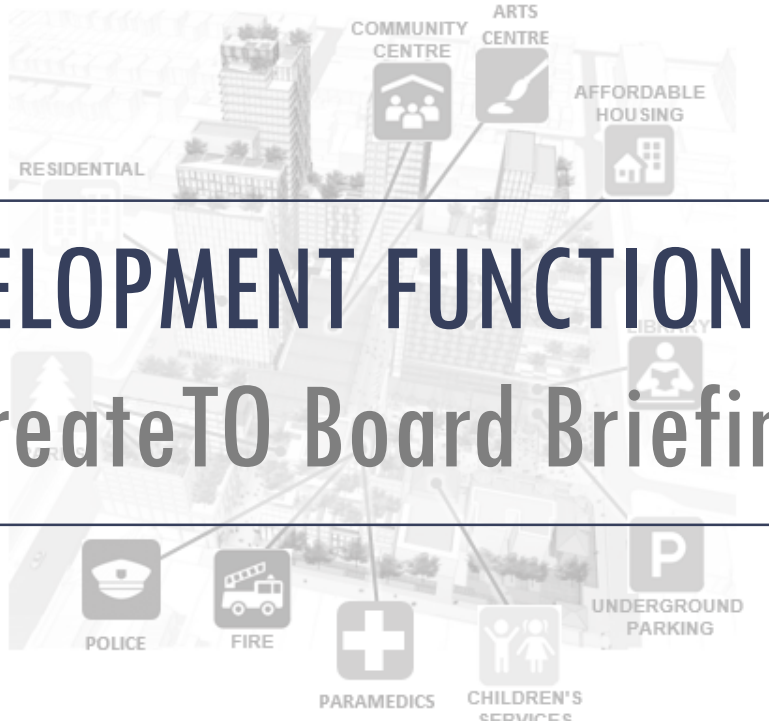




TCHC DEVELOPMENT FUNCTION TRANSFER

CreateTO Board Briefing

COUNCIL DIRECTION

COUNCIL DIRECTION – EX7.1 July 2019

- As part of the Tenants First Implementation Plan, Council approved in principle the transfer of Toronto Community Housing Corporation's real estate development functions to CreateTO and/or the City in alignment with the City-wide real estate model.
- Council directed staff to report back with:
 - a) Transfer Plan, including governance;
 - b) Due diligence on legal, financial and labour implications of the transfer;
 - c) Organizational structure assessment to ensure on-going coordination and consistent service to tenants during revitalization projects; and
 - d) Findings from consultation with a range of stakeholders involved in past or current revitalization projects

BENEFITS & RATIONALE FOR TRANSFER

TENANT FIRST FOCUS FOR TORONTO COMMUNITY HOUSING CORPORATION (TCHC)

- **TCHC staff and Board can direct more of their efforts to its role as a ‘good landlord’**
- Focus on **tenant engagement** and **social development** through development projects

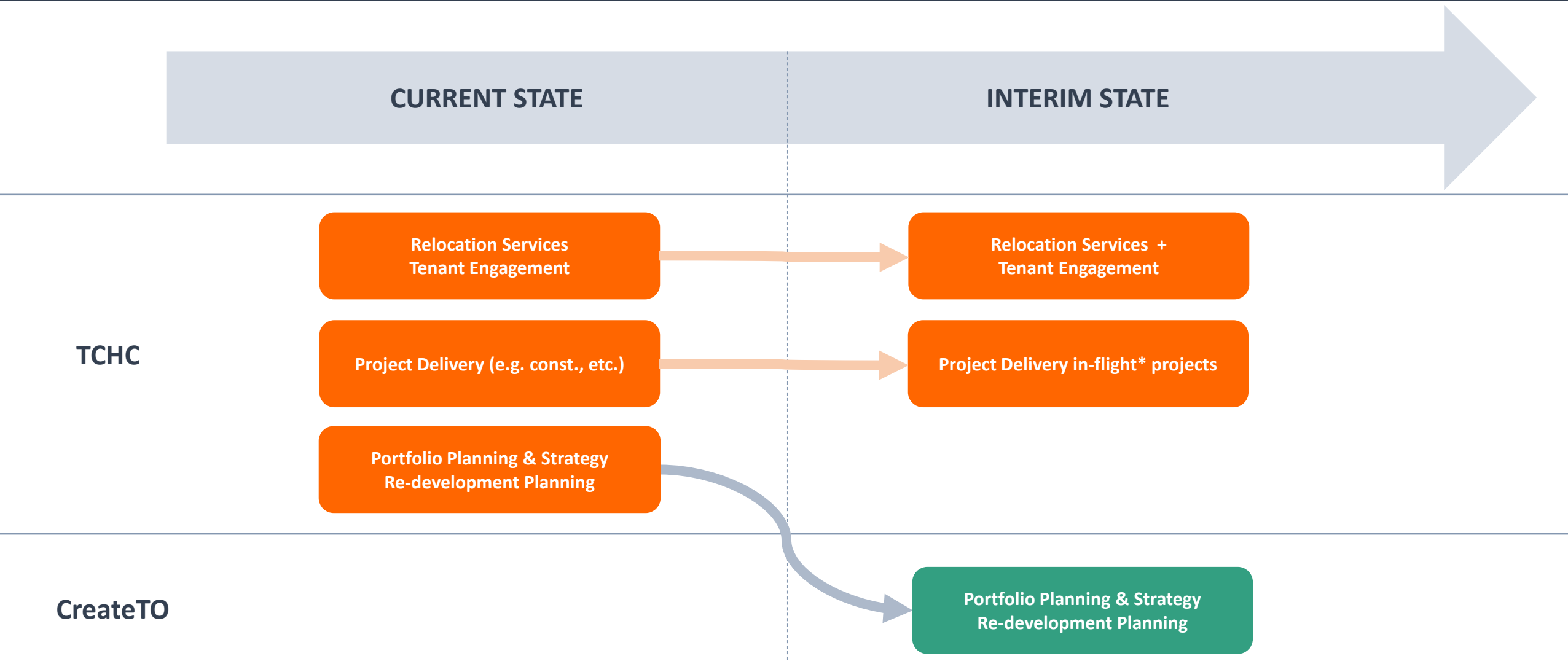
CITY BUILDING AND VALUE MAXIMIZATION

- Leverage the entire portfolio to drive enhanced **city-building** and **placemaking** on TCHC properties
- **Maximize value to TCHC** and find innovative real estate solutions that address City-wide needs
- **Alignment with CreateTO’s mandate** to manage the City’s real estate portfolio and deliver client-focused solutions

CAPACITY BUILDING, EFFICIENCIES AND GOVERNANCE

- **Build capacity and expertise** at CreateTO as a **Centre of Excellence** for Development and Asset Management
- **Greater efficiency** and harmonized approaches to city-building and city-led development projects
- Capitalize on CreateTO’s **governance** and policies for enhanced oversight

TRANSFER PHASED APPROACH



* In flight = projects currently with development partner procured

KEY RISKS & IMPACTS

OPERATIONAL IMPACTS FOR EXISTING PROJECTS

- Disruption of in-flight revitalization projects
- Increased costs and risks from hand-offs between CreateTO and TCHC in the transition period
- Potential disconnect/inefficiencies – Development team rely on numerous TCHC divisions to deliver their work

GOVERNANCE AND ACCOUNTABILITY

- Potential governance confusion and delays in decision-making / approvals

HUMAN RESOURCES AND EMPLOYEE RISKS

- Potential increased cost of revitalization in the future
- Importance of retaining institutional knowledge once the function transfers to CreateTO

EQUITY AND REDUCED FOCUS ON SUPPORTING CURRENT TENANTS

- Risk of reduced focus on equity and support for existing tenants (subsidized housing tenants)
- Conflicting goals between City building, affordable housing and need to replace Rent-geared-to-income (RGI) units

GOVERNANCE & BOARD ACCOUNTABILITIES

Key considerations as we develop the governance and approvals framework

CREATETO BOARD

- Manages the City's real estate portfolio, develop City buildings and lands for municipal purposes and deliver client-focused real estate solutions to City divisions, agencies and corporations
- Ensures real estate projects have city-building lens and support broader City objectives
- Provides subject matter expertise and best advice to City Council and TCHC Board

TCHC BOARD

- Has fiduciary duty to act in best interest of the corporation
- TCHC is both landlord and holds title to property
- Ensures the interests of the tenants are upheld through development / revitalization project
- Owns and operates subsidized affordable housing buildings once revitalization is complete

CITY COUNCIL

- Is TCHC's Sole Shareholder
- Approves real estate portfolio plans / strategies
- Approves revitalization plans and required funding
- Provides required direction and consents under Shareholder Direction and Housing Act

NEXT STEPS / IMPLEMENTATION

CURRENT WORK LEADING TO REPORT TO CITY COUNCIL (June 2021)

1. Revise the Board/Council governance model and approvals framework
2. Develop a detailed staff transition plan with clear communication
3. Finalize due diligence on legal, financial and labour implications of the transfer
4. Establish clear staff level governance and accountabilities to ensure efficient coordination throughout TCHC development projects under CreateTO's direction
5. Determine future project delivery model