

**Presentation to the Audit Committee  
February 18, 2022  
Agenda Item AU11.3**

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GENERAL**  

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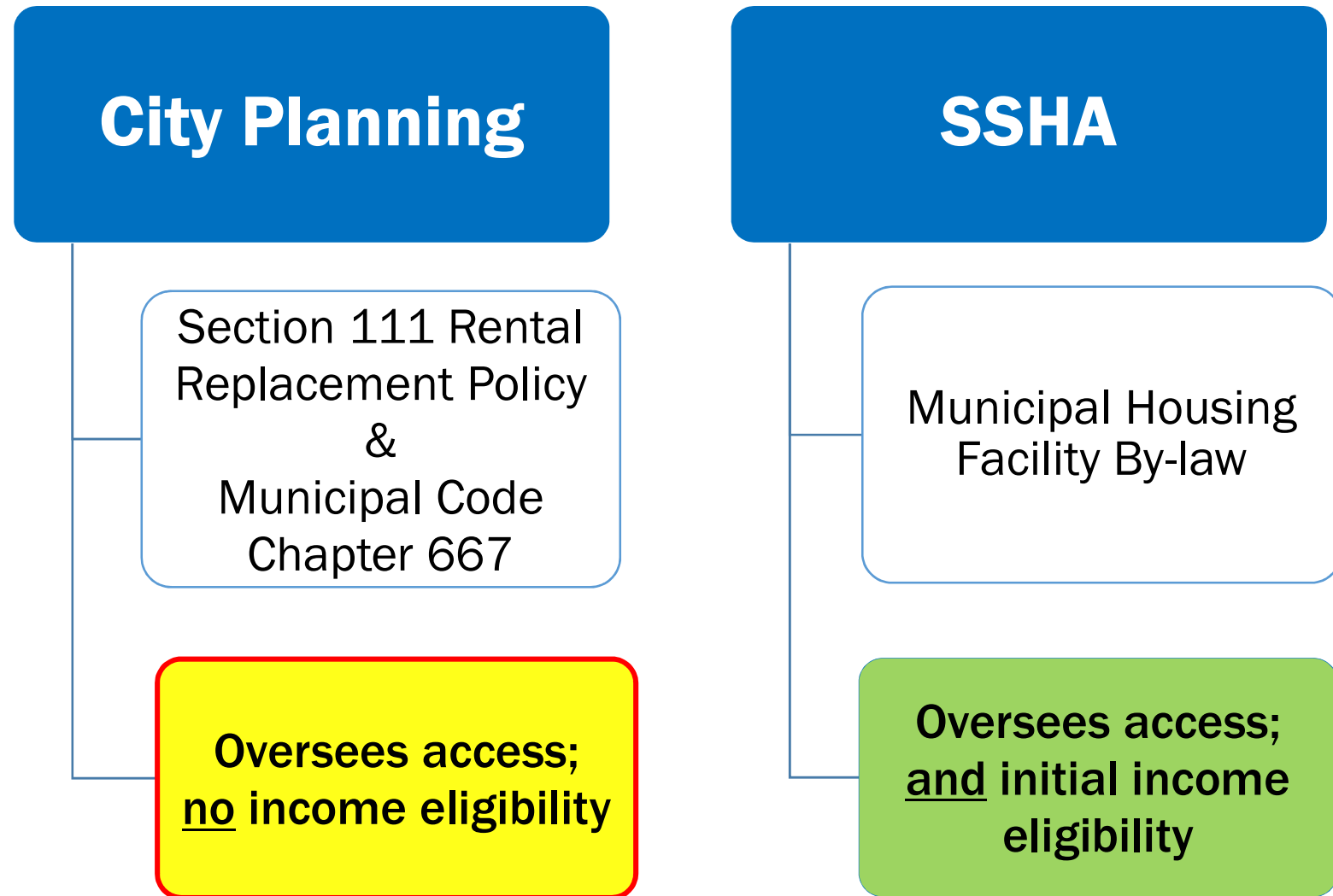
# **Revisiting Legacy Rental Replacement Policies to Align them with the City's Affordable Rental Housing Expectations**

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# Two Different Frameworks



# City Council Requests

*“... to consider adding to the Auditor General's 2021 Work Plan an audit of previous replacement rental units ...whether units were allocated in accordance with City policy”*

*“... an audit ... to determine the extent to which developers have complied with the City of Toronto's Rental Replacement Policy”*

## Focus of the Audit

Were processes sufficient to ensure that owners complied with the City's requirements for affordable rental replacement units?

- access
- tenant eligibility

# Background

Where 6+ rental units will be lost due to redevelopment, the **same number of rental units must be replaced**

## Official Plan

- *To preserve and protect the stock of affordable rental housing*

## Section 111 of the City of Toronto Act

- *“... prohibit and regulate the demolition of residential rental properties ...”*

## Municipal Code Chapter 667

- sets out City's requirements under Section 111
- implementation of Official Plan policy

# Audit Scope

## Rental Replacement Framework

City Planning

Affordable Rental  
Replacement Units  
(316 units)

## Municipal Housing Facility Framework

SSHA

Social Housing Replacement  
Units and Affordable Rental  
Replacement Units *with  
Rent Supplements*  
(777 units)

New Affordable Rental Units  
(~7,700 units)

# Audit Results – What we found



## **Rental replacement policy & agreements address:**

Return of existing tenants

Number of units

Rent rates for replaced units



## **Rental replacement policy & agreements do not address:**

Eligibility requirements  
based on financial need  
(e.g., income, property  
ownership) for available\*  
affordable rental  
replacement housing units

Required methods or modes  
of marketing available units  
to households in need of  
affordable rental housing

# Audit Results – What we found

*"The owner shall offer all replacement rental units to the public on a fair and open basis consistent with general provisions in the rental market, subject to the provisions of this Agreement ..."*



## **Rental replacement policy & agreements do not address:**

Eligibility requirements based on financial need (e.g., income, property ownership) for available\* affordable rental replacement housing units

Required methods or modes of marketing available units to households in need of affordable rental housing

Our audit covered over 80% of affordable rental replacement units administered by City Planning

# Audit Results – What this means

1. Methods for marketing and offering affordable rental replacement units are open to interpretation
  2. Little ability to require that owners offer available affordable rental replacement units only to lower-income households
  3. City may find it difficult to obtain records and take any further action regarding the way units were offered
- Confidential Attachment 1

A gap exists as the legacy policy did not keep pace with the City's ongoing and evolving priorities to provide more access to affordable housing opportunities to lower-income households. There is an opportunity here to close that gap.



# Recap

- A. Strengthening requirements for offering affordable rental replacement units through fair, open and transparent processes
- B. Standardizing affordable rental housing eligibility requirements
- C. Harmonizing processes and requirements for administering affordable rental housing

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