

Toronto Community Housing Corporation – 2025 Follow-up – Status of Previous Auditor General’s Recommendations

Date: June 19, 2025

To: Building Investment, Finance and Audit Committee of Toronto Community Housing Corporation

From: Auditor General

Wards: All

SUMMARY

The Auditor General follows up on her audit reports to review management actions taken to implement the recommendations and to ensure that intended benefits are being achieved.

This report provides a consolidated summary of the status of 33 prior recommendations issued by the Auditor General to Toronto Community Housing Corporation (TCHC) and the City, from the following two reports:

- Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations, 2019
- Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services, 2021

Of the 33 recommendations, 12 were closed in a previous follow-up review. During the current follow-up cycle, 12 recommendations were reported as fully implemented by TCHC and/or City management. We assessed that all 12 of these recommendations have been fully implemented. The remaining nine in-progress recommendations will be included in a subsequent follow-up review.

The results of this follow-up review should be forwarded to City Council to receive the report for information, through the November 5, 2025 meeting of the City's Audit Committee. We will also be forwarding the report to the July 31, 2025 meeting of the Board of Directors of Toronto Seniors Housing Corporation (TSHC) for information, because of the relevance of Auditor General recommendations for TSHC buildings and operations.

RECOMMENDATIONS

The Auditor General recommends that:

1. Toronto Community Housing Corporation Building Investment, Finance and Audit Committee and Board of Directors receive this report for information.
2. Toronto Community Housing Corporation Board of Directors forward this report, together with the Auditor General's (June 23, 2021) report, Toronto Community Housing Corporation – Results of 2021 Follow-up of Previous Audit Recommendations, that was received by the Board of Directors at its December 9, 2021 meeting, to City Council to receive the report for information, through the City's Audit Committee.

FINANCIAL IMPACT

The recommendations in this report have no financial impact.

DECISION HISTORY

The Auditor General's 2019 audit report, Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations, was considered at TCHC's Board of Directors meeting on April 29, 2019, the City's Audit Committee on May 3, 2019, and the City Council meeting on May 14, 2019. The audit report is available at: <https://secure.toronto.ca/council/agenda-item.do?item=2019.AU2.1>

The Auditor General's 2021 audit report, Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services, was considered at TCHC's Board of Directors meeting on December 9, 2021, the City's Audit Committee on February 18, 2022, and the City Council meeting on April 6 and 7, 2022. The audit report is available at: <https://secure.toronto.ca/council/agenda-item.do?item=2022.AU11.4>

The Auditor General's (June 23, 2021) report, Toronto Community Housing Corporation – Results of 2021 Follow-up of Previous Audit Recommendations, on recommendations made in the Auditor General's 2019 report, Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations, was received by the Board of Directors at its December 9, 2021 meeting.¹ The report is available at: [https://torontohousing.ca/sites/default/files/2023-11/item_2s - results of 2021 follow-up of previous audit recommendations - redevelopment and revitalizationactivities_a.pdf](https://torontohousing.ca/sites/default/files/2023-11/item_2s_-_results_of_2021_follow-up_of_previous_audit_recommendations_-_redevelopment_and_revitalizationactivities_a.pdf)

¹ The Auditor General's report, Toronto Community Housing Corporation – Results of 2021 Follow-up of Previous Audit Recommendations, was received by the Board of Directors at its December 9, 2021 meeting. At that time, a recommendation for the Board of Directors to forward the report to City Council to receive the report for information, through the City's Audit Committee, was inadvertently missed.

COMMENTS

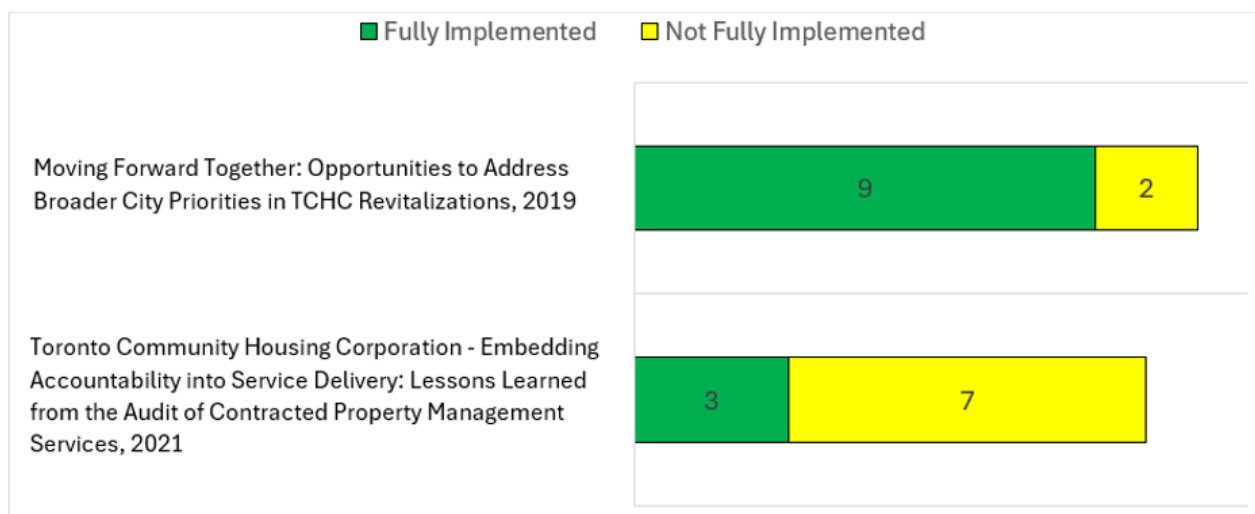
This report provides a consolidated summary of the status of 33 prior recommendations issued by the Auditor General to TCHC from the following reports:

- [Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations](#), 2019 – The Auditor General made 23 recommendations to help the City and TCHC work together to achieve broader city-building objectives and improve accountability for the outcomes of revitalizations, as well as, to help TCHC to enhance its procurement practices related to real estate transactions. Of these 23 recommendations, 12 were closed in a previous follow-up review.
- [Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services](#), 2021 – The Auditor General made 10 recommendations for TCHC to ensure delivery of consistent services for residents, protection of TCHC building assets, and higher quality, more reliable performance data that supports TCHC and its Board in decision making and in proactively identifying continuous improvement opportunities.

The focus of this report is on the 12 recommendations that TCHC and/or City management reported as fully implemented at May 31, 2025. During this follow-up review, we assessed that all 12 of these recommendations have been fully implemented. Management continues to take action on the nine remaining recommendations that have not yet been fully implemented.

Figure 1 below summarizes the status of open recommendations at May 31, 2025. The detailed results of this follow-up review are included in our report in Attachment 1.

Figure 1: 2025 Follow-up Results



The Auditor General's follow-up of outstanding recommendations does not constitute a performance audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). However, we perform sufficient work to validate management's assertions that recommendations are either fully implemented or no longer applicable.

We would like to express our gratitude to staff and management of TCHC for their ongoing cooperation, input, and willingness to take action to address the Auditor General's recommendations. We would also like to express our appreciation for the co-operation and assistance we received from management and staff of the City's Housing Secretariat, City Planning, and Financial Planning divisions.

CONTACT

Ina Chan, Deputy Auditor General, Auditor General's Office
Tel: 416 392-8472, E-Mail: Ina.Chan@toronto.ca

Patricia Lee, Senior Audit Manager, Auditor General's Office
Tel: 416-392-8570, E-Mail: Patricia.Lee@toronto.ca

SIGNATURE

Tara Anderson
Auditor General

ATTACHMENTS

Attachment 1: Toronto Community Housing Corporation – 2025 Follow-up – Status of Previous Auditor General's Recommendations



Toronto Community Housing Corporation – 2025 Follow-up – Status of Previous Auditor General’s Recommendations

June 19, 2025

Tara Anderson, CPA, CA, CFE, CIA, BAcc
Auditor General

**AUDITOR
GENERAL**

TORONTO

Table of Contents

Executive Summary	1
Background	4
Noteworthy Results.....	6
A. Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations, 2019	6
B. Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services, 2021.....	12
Conclusion.....	16
Exhibit 1: Toronto Community Housing Corporation – Results of the Auditor General’s 2025 Follow- up Review	17
Exhibit 2: Toronto Community Housing Corporation – Status of Outstanding Recommendations in Auditor General Reports as of May 31, 2025.....	20

Executive Summary

Why the follow-up process matters

The Auditor General follows up on the implementation status of outstanding recommendations from her audit reports. The purpose is to verify that Auditor General recommendations have been fully implemented and that intended benefits have been achieved.

The results of this follow-up review will be reported to City Council through the Audit Committee. For the Toronto Community Housing Corporation (TCHC), results are first reported to its Building Investment, Finance and Audit Committee and its Board of Directors. This report is also being forwarded to the Board of Directors of Toronto Seniors Housing Corporation (TSHC) for information, because of the relevance of Auditor General recommendations for TSHC buildings and operations.

33 recommendations in two reports – 12 were closed in a previous follow-up review

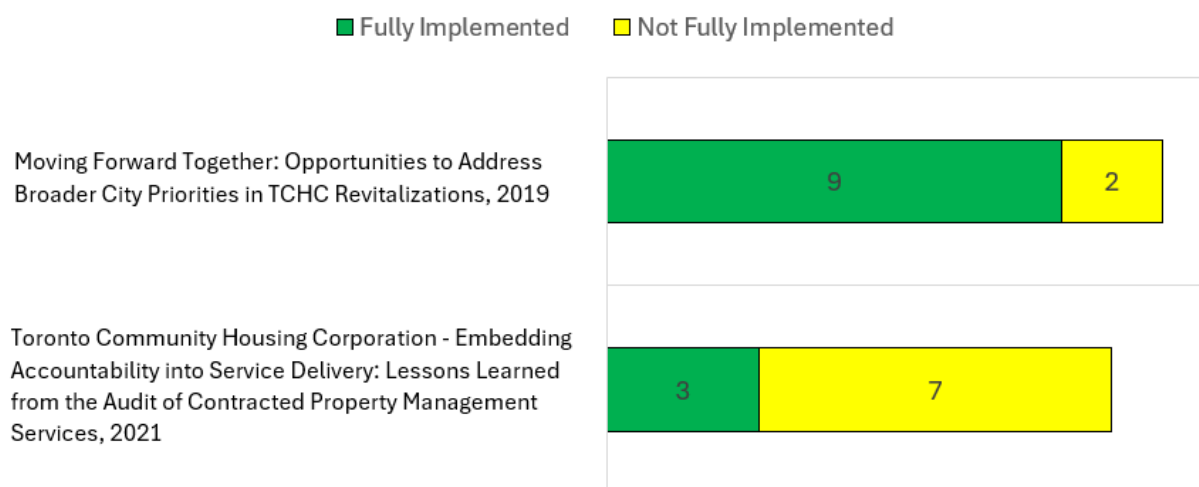
This report provides a consolidated summary of the status of 33 prior recommendations issued by the Auditor General to TCHC from the following reports:

- [Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations](#), 2019 – The Auditor General made 23 recommendations to help the City and TCHC work together to achieve broader city-building objectives and improve accountability for the outcomes of revitalizations, as well as, to help TCHC to enhance its procurement practices related to real estate transactions. Of these 23 recommendations, 12 were closed in a previous follow-up review.
- [Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services](#), 2021 – The Auditor General made 10 recommendations for TCHC to ensure delivery of consistent services for residents, protection of TCHC building assets, and higher quality, more reliable performance data that supports TCHC and its Board in decision making and in proactively identifying continuous improvement opportunities.

12 of 21 open recommendations have been fully implemented

The focus of this report is on the 12 recommendations that TCHC and/or City management reported as fully implemented at May 31, 2025. During this follow-up review, we assessed that all 12 of these recommendations have been fully implemented. Management continues to take action on the nine remaining recommendations. **Figure 1** below summarizes the status of open recommendations at May 31, 2025.

Figure 1: 2025 Follow-up Results



The recommendations reviewed and determined to be fully implemented in this follow-up cycle are listed in **Exhibit 1**. Recommendations assessed as fully implemented or not applicable are closed in the follow-up system and are not included in the future follow-up reviews. Ongoing implementation and maintenance of the audit recommendations, such as policy and procedure enhancements or improved controls, will rely on management's continuous efforts beyond the audit follow-up process.

Achievements

Implementing the Auditor General recommendations have resulted in the following achievements:

- **Leveraged TCHC revitalizations to address the City's affordable housing objectives** – Since our 2019 audit, an additional 1,008 new affordable rental units have been added to the plans for TCHC revitalization projects, though some funding commitments for these units and other required approvals are pending
- **Strengthened the City's role in ongoing oversight and accountability over TCHC revitalizations**

**9 recommendations
remain outstanding**

The remaining nine recommendations where implementation is in progress will be included in a subsequent follow-up review. A list of these recommendations, together with management's action plans and estimated timelines for completion, is provided in **Exhibit 2**.

**Some recommendations
may require more time
than others to implement**

It is important to note that management has made progress on many of the recommendations that have a status of not fully implemented, but that some audit recommendations may require more time than others to implement as they require systemic changes that are informed by organizational inter-dependencies.

**Thank you to
management and staff for
their assistance**

We would like to express our gratitude to staff and management of the Toronto Community Housing Corporation for their ongoing cooperation, input, and willingness to take action to address the Auditor General's recommendations. We would also like to express our appreciation for the co-operation and assistance we received from management and staff of the City's Housing Secretariat, City Planning and Financial Planning divisions.

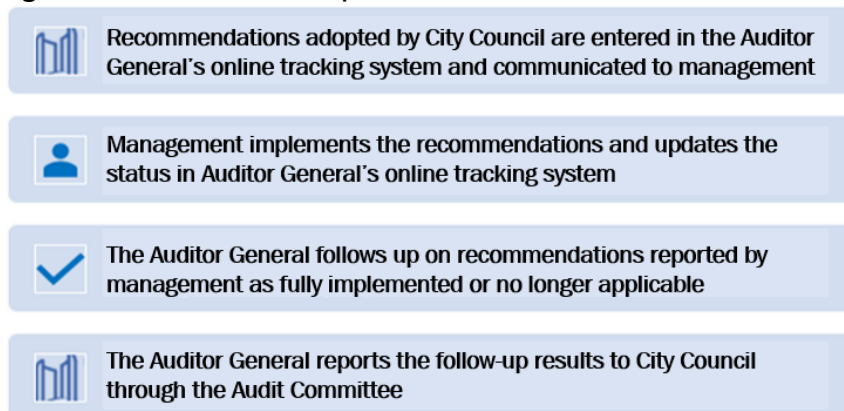
Background

Overview of the Auditor General's follow-up process

The Auditor General's follow-up process begins when the recommendations in an audit report are adopted by the TCHC Board of Directors, the City's Audit Committee and City Council.

Management is able to provide updates on their action plans for open audit recommendations and to upload supporting documents for recommendations reported as fully implemented at any time, through the Auditor General's online tracking portal that is available 24/7. An overview of the Auditor General's follow-up process is provided in **Figure 2**.

Figure 2: Overview of Follow-up on Auditor General Recommendations



In general, the Auditor General performs follow-up work only on recommendations reported by management as either fully implemented or no longer applicable. After a recommendation is verified as fully implemented or no longer applicable, it is closed.

Where management is continuing to take actions to address recommendations and has reported the recommendation as not yet fully implemented, we generally do not conduct follow-up work until it has been reported by management as fully implemented.

Benefits of implementing Auditor General recommendations

In each follow-up report, the Auditor General highlights noteworthy recommendations, such as those that have resulted in financial or non-financial benefits after implementation. The financial and non-financial impacts realized by implementing the Auditor General's recommendations are also reported in her Annual Report.

The Auditor General's follow-up of outstanding recommendations does not constitute a performance audit conducted in accordance with Generally Accepted Government Auditing Standards. However, we perform sufficient work to validate management's assertions that recommendations are either fully implemented or no longer applicable.

Noteworthy Results

Noteworthy results, including financial and non-financial benefits, identified during this follow-up process, as well as areas requiring further attention, are highlighted in this section of the report.

A. Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations, 2019

2019 audit highlighted the need for the City and TCHC to align priorities and outcomes to more fully leverage revitalization opportunities

In 2019, the Auditor General's Office completed an audit of TCHC redevelopment and revitalization activities. The audit report highlighted that the City and TCHC needed to strategically align their priorities and desired outcomes with an adequate funding support plan to more fully leverage revitalization opportunities. Doing so would not only ensure that existing social housing was replaced, but also more effectively address other city-building priorities, such as increasing the supply of affordable housing. The audit report included 23 recommendations and is available at: <https://secure.toronto.ca/council/agenda-item.do?item=2019.AU2.1>

9 recommendations fully implemented help to achieve City-building objectives through TCHC revitalizations and to improve oversight, accountability and transparency

Through a previous follow-up process, 12 out of the 23 recommendations were closed.¹ In the current follow-up process, management reported nine recommendations as fully implemented, as summarized in **Exhibit 1**. We assessed all nine of these recommendations as fully implemented.

Management continues to take action on the two remaining recommendations from the 2019 report, as summarized in **Exhibit 2**. Both recommendations are aimed at enhancing TCHC's process to select development partners for future revitalization phases.

Through the revitalizations, TCHC and City management have been taking steps to create opportunities to achieve City-building objectives and to improve the oversight, accountability and transparency. Noteworthy results from our current follow-up review are highlighted below:

¹ As reported in the Auditor General's first follow-up review of the recommendations from the 2019 report, 12 out of the 23 recommendations were closed, leaving 11 recommendations outstanding at that time. The Auditor General's report, Toronto Community Housing Corporation – Results of 2021 Follow-up of Previous Audit Recommendations, was received by the Board of Directors at its December 9, 2021 meeting. At that time, a recommendation for the Board of Directors to forward the report to City Council to receive the report for information, through the City's Audit Committee, was inadvertently missed. Our 2021 Follow-up Report is available at: https://torontohousing.ca/sites/default/files/2023-11/item_2s_-_results_of_2021_follow-up_of_previous_audit_recommendations_-_redevelopment_and_revitalizationactivities_a.pdf

More affordable housing included in TCHC revitalization projects

Actions to further advance affordable housing priorities through revitalizations

During our 2019 audit, we found that revitalization projects present an opportunity to strategically address city-building priorities such as housing supply challenges, but that the City would need to find additional ways to fund affordable housing priorities. In recognition of this, we made recommendations to help advance affordable housing priorities, including:

- Assessing cost-effective ways to increase the supply of affordable housing and, in particular, reviewing whether more affordable housing units should be required in future TCHC revitalizations;
- Applying the City's Official Plan requirements to prioritize affordable housing; and
- Reviewing potential incentives and strategies that can make providing affordable housing more attractive to potential developers.

Approvals Framework for TCHC revitalizations includes a site by site evaluation process for opportunities to include more affordable housing

Since our audit, the City, together with TCHC, have taken action to further advance affordable housing priorities through revitalizations.

In July 2019, City Council adopted a [New Approvals Framework for TCHC Revitalization Projects](#) (Approvals Framework). The Staff Report indicated that by implementing the Approvals Framework, *“redevelopment and revitalization projects will be carried through a stage gate process to ensure appropriate level of consultation, oversight and consistency in decision-making, while ensuring that City objectives, including affordable housing are achieved.”*

Management advised that, with the implementation of the Approvals Framework, a site by site evaluation process for the integration of more affordable housing units is now embedded 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.

In addition, TCHC staff work with the City to support the City's plan to accelerate the delivery of additional affordable housing in TCHC's development projects in support of targets set out in the [HousingTO 2020-2030 Action Plan](#), and the City's [Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes](#).

645 new affordable rental and ownership housing units were planned for TCHC revitalizations at the time of our 2019 audit

In our 2019 audit report, we noted that, at that time, only 645 new affordable housing units (comprised of 405 affordable rental units and 240 affordable ownership units) were expected to be built over a period of 30 years, as part of the ongoing development at six TCHC revitalizations sites² – largely in Regent Park.

1,008 affordable rental units have been added to the plans for TCHC revitalization projects since the audit

Since then, TCHC, together with the City, have made further progress to increase the number of affordable housing units in TCHC revitalization projects, which includes three new projects that started since the original audit. **Table 1** below shows the additional 1,008 new affordable rental units that are expected to be added, over and above the 405 affordable rental units originally planned at the time our audit. As of this follow-up cycle, 739 of the 1,008 new affordable rental units planned are pending funding commitments and approvals. Additionally, management advised that up to 10 additional affordable ownership units will be added to the Regent Park and Alexandra Park revitalizations. As the developments continue to proceed, TCHC and the City continue to seek funding sources to enable the delivery of these net new affordable units.

For example, in Regent Park Phases 4 and 5, the funding for 135 additional affordable rental housing units are included in TCHC's 10-year development capital budget, approved by Council as part of [TCHC's 2025–2034 Capital Budget and Plan](#). A further 502 units are expected to be built within the 10-year timeframe, but still require funding commitments and TCHC Board and Council approval.

² The six ongoing revitalization projects included in the 2019 audit were Regent Park, Lawrence Heights, Alexandra Park, Allenbury Gardens, Leslie Nymark and 250 Davenport. Since the audit, there have been no additional affordable rental units added to the Allenbury Gardens, Leslie Nymark and 250 Davenport developments, thus they are not included in **Table 1**.

Table 1: Number of Net New Affordable Rental Units by Revitalization Site as at May 31, 2025

TCHC Revitalization Site	Number of Affordable Rental Units – at the time of 2019 Audit	Net New Affordable Rental Units			Total
		Additional Affordable Rental Units – Funding Committed	Additional Affordable Rental Units – Funding and Approval Still Pending	Total Net New Affordable Units	
Regent Park					
Phase 1-3	397	30	-	30	427
Phase 4-5	-	135	502	637	637
Lawrence Heights					
Phase 1	-	-	-	-	-
Phase 2	-	-	30	30	30
Phase 3	-	-	100	100	100
Phase 4	-	-	*	-	-
Alexandra Park					
Phase 1	8	-	-	-	8
Phase 2A & 2B	-	4	*	4	4
Don Summerville**	-	100	-	100	100
Firgrove-Grassways**	-	-	107	107	107
Swansea Mews**	-	-	*	-	-
Total	405	269	739	1,008	1,413

*For some revitalizations, the number of potential new affordable units is not yet known.

** Don Summerville, Firgrove-Grassways, and Swansea Mews were not yet approved as revitalization projects at the time of 2019 audit.

Increased reporting on TCHC revitalizations progress to improve oversight and accountability

Enhanced reporting and timelier updates could help improve the City's oversight of its investments in TCHC revitalizations

During our 2019 audit, we found that principles, goals, objectives, or actions for TCHC's revitalizations were broad, and TCHC's and the City's desired outcomes were not clearly defined. We further noted that TCHC should report on the outcomes achieved through the revitalizations on a phase-by-phase basis, increasing the timeliness in which information is provided to TCHC's Board and to City Council in order to both support management and to hold management accountable for results. The Auditor General made recommendations to enhance the ongoing updates in TCHC's annual reports, to ensure the outcomes achieved are reported on a timely basis, and to improve the transparency of development activities within the City's long-term capital plan.

City's Approvals Framework and the HousingTO Action Plan establish outcome-focused city-building priorities and goals for TCHC revitalization projects

The Approvals Framework approved by Council in July 2019 sets out guiding principles to be applied to all new revitalization projects that align and support the HousingTO 2020-2030 Action Plan's city-building priorities and goals, which includes housing targets for revitalized TCHC communities. The Approvals Framework provides for a more transparent and timely reporting of revitalization projects, including setting expectations for the timing and scope of approvals, objectives, and priorities for the revitalization.

The Approvals Framework process follows a stage-gating approach to seeking City Council consents and approvals and outlines the required information to be provided. The Staff Report noted that “[s]taged decision-making allows the City and Toronto Community Housing Corporation to make more informed decision as projects advance through their lifecycle”. A summary of the two stage-gates is shown in **Figure 3** below.

Figure 3: Summary of Stage-Gates of the Approvals Framework for TCHC Revitalization Projects

Stage-Gate	Timing	Information provided to Council	Council funding decisions	Council consents and approvals
Stage-Gate 1	At conclusion of Initiation and Development phase	<ul style="list-style-type: none"> - Initial Development Proposal report - Class 4 cost estimate 	Council approve-in-principle commitment to City contributions (if any) to revitalization	Approval of concept
Stage - Gate 2	At conclusion of Preliminary Design and Engineering phase	<ul style="list-style-type: none"> - Planning report - Corporate Actions report - Class 3 cost estimate - Review of business terms 	Council commitment to City contributions (if any) to revitalization, subject to annual budget process	Authority to amend Official Plan Shareholder consents Service Manager consents

Source: page 6 of the [New Approvals Framework for TCHC Revitalization Projects](#)

Additional reporting beyond requirements set out in the Approvals Framework provides additional oversight

To date, no new revitalization projects have reached Stage-Gate 2, which requires additional Council reporting and approval for projects to proceed.

However, in the interim (since our 2019 audit), City Council has been provided an update on Lawrence Heights Phase 2 & 3 in 2021,³ subsequent to City Council’s approval of the initial development proposal in accordance with Stage-Gate 1 under the Approvals Framework. Additional reports were also provided in 2024 to inform City Council of pre-development work of Phase 2 and the work done between the City and TCHC to advance housing development projects.⁴

³ [PH29.7 - Lawrence Heights Revitalization - Phases 2 and 3 Interim Status and Budget Update](#) adopted by City Council on December 15, 16 and 17, 2021

⁴ [NY11.3 - 3 Leila Lane, 5 Leila Lane, and 31-109 Bagot Court - Rental Housing Demolition Application - Decision Report](#) adopted by City Council on March 20 and 21, 2024; [CC20.10 - Advancing the Transformation of Toronto's Housing Delivery](#) adopted by City Council on July 24 and 25, 2024; [EX19.1 - Strengthening the City of Toronto's Housing Development Capacity to Deliver Housing Faster](#) adopted by City Council on December 17 and 18, 2024

We also noted that, in December 2024, the local ward councillor moved a motion for additional work to be done to create a Lawrence Heights Project Charter which would set out specific timelines and actions to deliver the future phases revitalization. TCHC management advised that this additional work will be reported together with the next stage-gate requirements.

High-level information on progress and achievements on TCHC revitalization projects are reported annually

In February 2025, TCHC reported to its Board the detailed outcomes (short, medium, and long-term) achieved for the completion of Alexandra Park Phase 1 revitalization project in order to demonstrate the overall financial and non-financial stakeholder impacts.⁵ The Alexandra Park Phase 1 Closeout Report was presented to the Board five years after project completion.

Management has committed to more timely reporting on the outcomes of projects at completion. In particular, TCHC management advised that additional closeout reports for other completed developments will be presented to the Board throughout 2025, including 250 Davenport, Allenbury Gardens, and Leslie Nymark.

Although the City does not require TCHC to forward the detailed closeout reports to City Council, high-level information on the project progress, Council-approved strategic directions, and annual achievements of current development projects is provided to City Council through TCHC's Annual Reports⁶ and HousingTO Action Plan annual progress reports⁷.

Improved transparency of funding requirements for TCHC development projects

City's 10-Year Capital Plan should include capital costs and funding required for TCHC's revitalizations

During our 2019 audit, we found that the City's 10-Year Capital Plan did not fully reflect the total long-term capital costs and funding required for TCHC's revitalizations. Prior to the 2018 budget, the City's 10-Year Capital Plan did not include any amounts related to the anticipated shortfalls for TCHC revitalizations. The Auditor General recommended that the funding TCHC needs for its revitalizations should be included in the City's long-term Capital Plan so that the City can appropriately allocate funding to meet capital needs across the City and its agencies and corporations within its debt targets.

⁵ [https://torontohousing.ca/sites/default/files/2025-02/item_15a - 2025-10 - alexandra park phase 1 closeout report r w attach.pdf](https://torontohousing.ca/sites/default/files/2025-02/item_15a_-_2025-10_-_alexandra_park_phase_1_closeout_report_r_w_attach.pdf)

⁶ TCHC's Annual Reports are available at <https://torontohousing.ca/transparency/reporting/annual-reports>.

⁷ The City's annual progress reports on advancing the HousingTO 2020-2030 Action Plan are available at <https://www.toronto.ca/community-people/community-partners/housing-partners/housingto-2020-2030-action-plan/>.

Improving transparency of development activities within the long-term capital plan

Now, as part of the City's annual budget process, the City, together with TCHC, provides more information and financial forecasts on TCHC's development capital budget, including funded and unfunded needs for approved development projects.

City's 10-year Capital Plan includes \$1.1B for TCHC development projects and \$78M in unfunded capital delivery constraints

In particular, TCHC's 2025-2034 Capital Budget and Plan includes \$1.1 billion for development capital (for "in-flight" TCHC revitalization projects). In addition, the \$78.4 million of unfunded development capital requirements for its in-flight revitalization projects⁸ are also reflected in the 10-year Capital Plan, indicating that "[t]hese projects will be included on the list of Capital Delivery Constraints to be considered with other City priorities in future year budget processes."

\$1.2B in net costs, for projects that have not yet received full approval, are not included in the 10-year Capital Plan

It should be noted that the 2025-2034 Capital Budget and Plan does not include an estimated \$1.2 billion in net costs for upcoming phases of revitalization projects that are planned for the ten-year period but have not yet received TCHC Board or City Council approval to proceed.⁹ The City does not consider these phases of revitalizations an unfunded budget item until they have an associated Council approval.

B. Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services, 2021

The Auditor General completed an audit of TCHC's contracted property management services in 2021.

The audit provided lessons relevant for TCHC's entire portfolio

The report highlights, that although TCHC was already working to bring all of its residential buildings back under its direct management service model, the Auditor General's view was that the findings and recommendations from the audit could help to improve oversight, and management of site staff and delivery of site work that are relevant for TCHC's entire portfolio of over 2,100 buildings.

⁸ The in-flight revitalization projects included in TCHC's 2025 10-year Capital Budget and Plan are Davenport, Alexandra Park Phase 2, Don Summerville, Lawrence Heights Phases 1, 2, and 3 (demolition and land preparation), Firgrove-Grassways (pre-development/design costs only), Regent Park Phases 2, 3, 4, and 5, and Swansea Mews (demolition and pre-development costs only). It does not include funding requirements beyond the 10-year capital budget period.

⁹ The planned projects that have not yet been fully approved by the TCHC Board or City Council include Firgrove-Grassways, Lawrence Heights Phases 2 and 3, Regent Park Phases 4 and 5, Alexandra Park Phase 2 and Swansea Mews.

3 key lessons learned

The 2021 audit report highlighted three key lessons learned to support TCHC's success in managing service delivery across TCHC's entire building portfolio. The focus should be embedding accountability into service delivery by:

1. **Setting clear, consistent performance expectations and measures** – Setting clear and consistent requirements for all TCHC buildings, establishing measures or key performance indicators (KPIs) that support the attainment of desired outcomes, and gathering reliable data to track performance and enhance reporting, help to support continuous improvement.
2. **Monitoring performance to hold service providers accountable for quality** – Monitoring and verifying that expenses are valid, work is completed in accordance with specifications, and work is of sufficient quality helps to ensure achievement of value for money on contracts. Implementing independent reviews of monitoring controls and processes for documenting, escalating, and following up on performance issues, helps to ensure corrections are made in a timely manner.
3. **Building trust and confidence through accurate, transparent data-driven reporting** – Having stronger oversight, monitoring, and management of service delivery is critical to earning and improving trust. Providing transparent, data-driven information to the Board will lead to increased confidence and strengthen oversight.

Relevant for service delivery, regardless of whether they are internally delivered directly by TCHC staff or through a contractor

3 out of 10 recommendations have been fully implemented

The audit report included 10 recommendations to support TCHC's efforts going forward to set up successful service delivery regardless of whether they are internally delivered by TCHC staff or through a contractor. The audit report is available at: <https://secure.toronto.ca/council/agenda-item.do?item=2022.AU11.4>

This is the first follow-up review of the recommendations contained in the 2021 report. We reviewed three recommendations that TCHC management reported as fully implemented, as summarized in **Exhibit 1**. We determined that all three recommendations have been fully implemented.

Management advised that actions are in progress on the remaining seven recommendations, as summarized in **Exhibit 2**.

Planned actions to address remaining recommendations

7 recommendations are in-progress

The seven in-progress recommendations from the 2021 audit report relate to establishing meaningful key performance indicators and using accurate, complete, and reliable data to track and report performance, as well as to implementing a comprehensive vendor performance framework.

Some recommendations may require more actions and more time than others to implement

Some audit recommendations may require additional actions or improvement by management to fully address the intent of the recommendation, and some audit recommendations may require more time than others to implement to confirm its sustained improvement and impact.

Geographical re-alignment in October 2024

The recommendations are also impacted by a recent geographical realignment of service delivery. In particular, on October 1, 2024, TCHC realigned its service delivery to a geographical model, creating three districts and sub-districts for building services staff. To support this new service model, Management advised that a new service delivery strategy will be introduced to standardize service delivery across all TCHC buildings. This new service delivery strategy will include establishment of key performance indicators, feedback mechanisms from staff and tenants, integration of feedback into the service improvement plan, and delivery of training which will be in alignment with the new roles and responsibilities under the new geographic-based service model.

As summarized in **Exhibit 2**, TCHC management has advised that it has started taking actions to advance in-progress recommendations and plans further steps to address risks and achieve intended efficiencies. We have not reviewed in-progress recommendations.

Management advised that the following key actions are underway:

Management advised that implementation of HoMES was completed in 2022

- **Implementing an integrated housing management solution – “HoMES” to track completion of work orders**

TCHC management advised that implementation of HoMES was completed in 2022, and that the responsible staff and/or vendors are provided with access to HoMES to create, update and/or close the work orders. TCHC management plans to provide additional role-based training and guidance to ensure the roles and responsibilities are clear among staff and vendors, so that data is consistently collected using the new system, and is complete, accurate and reliable for analysis and/or reporting.

Management has completed a Closing the Loop pilot project and plans to scale this initiative in 2026

- **Implementing “Closing the Loop” project as part of vendor management strategy**

TCHC’s Client Care, Operations Compliance, and Regional Operations teams initiated a “Closing the Loop” project, which was aimed at soliciting feedback from tenants on in-suite maintenance work orders completed by vendors. Management advised that the Closing the Loop program will be a key input into TCHC’s proactive service delivery and vendor management strategy. On June 4, 2025, management provided an update on the Closing the Loop pilot project in the West region and preliminary program evaluation results to TCHC’s Tenant Services Committee, and reported on management’s plans to sustainably scale this initiative across all regions in early 2026.¹⁰

Going forward, TCHC management should ensure staff and management consistently apply and fully implement the HoMES system, frameworks, processes, and procedures. These efforts, along with the Closing the Loop initiative and other actions planned, will help management improve monitoring and addressing vendor performance by using the right performance indicators and reliable data. This, in turn, improves the reliability of data-driven information the Board can be provided about the state of buildings and areas that continue to need improvement.

¹⁰ [https://torontohousing.ca/sites/default/files/2025-05/item_9b - 2025-18 - tenant feedback on vendor performance.pdf](https://torontohousing.ca/sites/default/files/2025-05/item_9b_-_2025-18_-_tenant_feedback_on_vendor_performance.pdf)

Conclusion

**12 recommendations
were fully implemented**

The 12 recommendations reviewed and determined to be fully implemented in this follow-up cycle are listed in **Exhibit 1**.

**9 recommendations
remain in progress**

The remaining nine recommendations are in progress and not yet fully implemented. A list of these recommendations, together with management's action plans and estimated timelines for completion, is provided in **Exhibit 2**.

We will continue to verify recommendations reported by management as fully implemented with our available resources and will report our results in future follow-up reports.

Thank you

We would like to express our gratitude to staff and management of TCHC for their ongoing cooperation, input, and willingness to take action to address the Auditor General's recommendations. We also wish to express our appreciation for the co-operation and assistance we received from management and staff of the City's Housing Secretariat, City Planning and Financial Planning divisions.

Exhibit 1: Toronto Community Housing Corporation – Results of the Auditor General’s 2025 Follow-up Review

#	Date	Auditor General Reports	In Scope Recommendations	Auditor General Assessments		
				Fully Implemented	No Longer Applicable	Not Fully Implemented
		TORONTO COMMUNITY HOUSING CORPORATION				
1	March 2019	Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations	9	9	-	-
2	Nov 2021	Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services	3	3	-	-
		Total	12	12	-	-

LISTING OF THE RECOMMENDATIONS THAT ARE CLOSED DURING THE 2025 FOLLOW-UP CYCLE

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

No.	Recommendation
<i>Fully Implemented</i>	
#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>

#3	<p>City Council request the Chief Planner and Executive Director, City Planning, to:</p> <ul style="list-style-type: none"> 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 b. ensure that the Official Plan Policy 3.2.1.9(b) (or any subsequent amendment) 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.
#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>
#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>
#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> <ul style="list-style-type: none"> a. include clear revitalization program objectives and performance measures for future developments; b. include short-, medium-, and long-term goals that are outcome-oriented; and c. support overall city-building priorities, where possible.
#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> <ul style="list-style-type: none"> a. the timing and scope of approvals, including objectives and priorities for the revitalization; and 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.

#10	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.
#12	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.
#18	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.

Report Title: Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services
Report Date: November 1, 2021

No.	Recommendation
<i>Fully Implemented</i>	
#5	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review third-party contracts for the maintenance, operation and repair of buildings across TCHC's entire portfolio to:</p> <ul style="list-style-type: none"> a. ensure they do not exceed the costs of similar contracts for residential properties of a similar type, age and condition. b. identify opportunities to achieve better value for money through economies of scale, by procuring and awarding contracts that enable all vendors to provide services to all its buildings regardless of whether they are directly managed or managed by contracted property managers.
#7	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to strengthen how TCHC oversees the quality of subcontractors engaged to perform work in its buildings by:</p> <ul style="list-style-type: none"> a. verifying that subcontractors engaged meet TCHC's qualification requirements for its own vendors. b. ensuring TCHC has an up-to-date list of all the subcontractors engaged to work in its buildings.
#9	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, in consultation with legal counsel, to review incentive fee structures in contracts and supporting processes to be able to exercise contract clauses in order to support continuous improvement of performance by service providers.

Exhibit 2: Toronto Community Housing Corporation – Status of Outstanding Recommendations in Auditor General Reports as of May 31, 2025

#	Date	Auditor General Reports	Audit Report Recommendations	Closed Recommendations	Not Fully Implemented
		TORONTO COMMUNITY HOUSING CORPORATION			
1	March 2019	Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations	23	21	2
2	Nov 2021	Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services	10	3	7
		Total	33	24	9

LISTING OF THE OUTSTANDING RECOMMENDATIONS BY THE END OF THE 2025 FOLLOW-UP CYCLE

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

No.	Recommendation	Management Comments
<i>Reported as Not Fully Implemented by TCHC and/or City Management</i>		
#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 work was previously deferred until the implementation of Tenant First Recommendations was complete. With that work concluded, the improved practices and procedures developed through recently completed RFP processes will be formalized in advance of the release of any future TCHC Developer RFPs.</p> <p>Due Date: December 31, 2025</p>

#21	The Board request the Chief Executive Officer, Toronto Community Housing 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>With confirmation by City Council in December 2024 that the TCHC development work will stay with TCHC, this work has been reprioritized for 2025. TCHC will review and formally document the existing procedure that are in place and formalize standard operating procedures across the corporation for all real estate transactions. This work will be completed in consultation with TCHC legal, finance and procurement with outcomes reported to TCHC Executive Leadership Team in fall of 2025 for execution.</p> <p>Due Date: December 31, 2025</p>
-----	--	---

Report Title: Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services
Report Date: November 1, 2021

No.	Recommendation	Management Comments
<i>Reported as Not Fully Implemented by TCHC Management</i>		
#1	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to:</p> <p>a. review property management service delivery expectations for the maintenance, operation and repair of buildings and identify where minimum mandatory standards, specifications, and requirements vary from building to building.</p> <p>b. clarify to its service providers (be it internal TCHC staff, TCHC vendors, or contracted property managers and their subtrades) any additional expectations and requirements not captured in existing contracts and service-level agreements to ensure performance requirements are consistently defined for the entire TCHC portfolio.</p> <p>c. implement a process to ensure updated versions of relevant TCHC standards, specifications, and requirements are applied to all service providers whenever TCHC revises its requirements to support consistent service delivery across all TCHC buildings.</p>	<p>a. TCHC is actively developing service delivery requirements for maintenance, operation and repair of buildings, which includes outlining minimum mandatory standards, specifications, and requirements;</p> <p>b. TCHC is actively developing a framework to clarify to service providers (e.g. TCHC staff, TCHC vendors) any additional expectations and requirements not captured in existing contracts and service level agreements to ensure performance requirements are consistently defined for the across the TCHC portfolio and;</p> <p>c. TCHC is actively developing a process to ensure revisions of relevant TCHC standards, specifications, and requirements are applied to all service providers to support consistent service delivery across the TCHC portfolio.</p> <p>Due Date: March 31, 2026</p>

#2	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review and update how TCHC measures and evaluates performance against its objectives, expectations and/or priorities for day-to-day property management across its entire portfolio. In doing so, TCHC should:</p> <p>a. develop additional methods of measuring performance, including additional key performance indicators to monitor and measure performance against TCHC's desired outcomes. Such methods and measures should address, among other things, quality of completed property management work (e.g. preventative maintenance, routine repairs and maintenance work orders, cleaning, etc.).</p> <p>b. develop ways to measure tenant satisfaction in order to decipher who is responsible for improving their performance (be it TCHC internal staff, TCHC vendors, or contracted service providers and their subtrades).</p>	<p>a. TCHC is actively developing methods of measuring performance, including additional key performance indicators to monitor and measure performance against TCHC's target performance and outcomes.</p> <p>b. TCHC is actively developing mechanisms to measure tenant satisfaction in order to identify opportunities to improving service delivery and performance.</p> <p>Due Date: March 31, 2026</p>
#3	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure data used to assess, compare, and report on performance and outcomes is collected in a consistent manner across the TCHC portfolio, and that the data collected is accurate, complete and reliable.</p>	<p>TCHC is actively developing a framework to ensure data is used to assess, compare, and report on performance and outcomes; and its collection is accurate, complete, and reliable in a consistent manner across the TCHC portfolio.</p> <p>Due Date: March 31, 2026</p>

#4	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to:</p> <p>a. obtain and retain key supporting documents, including site sign-in/sign-out logs, service tickets, preventative maintenance reports, and other records to support expenditures charged to TCHC by its service providers.</p> <p>b. verify the services are delivered in accordance with the RFP/contracts before payment is made.</p> <p>c. implement a process for periodic internal audits or other independent reviews to confirm that internal controls to ensure expenses are valid and work has been completed, are consistently implemented in practice.</p>	<p>a. TCHC is actively developing a framework to obtain and retain key supporting documents, including site sign-in/sign-out logs, service tickets, preventative maintenance reports, and other records to support expenditures charged to TCHC by its service providers.</p> <p>b. TCHC is actively developing a framework to verify the services are delivered in accordance with the RFP/contracts before payment is made.</p> <p>c. TCHC is actively developing a standardized approach for periodic internal and independent audits/reviews to confirm that internal controls to ensure expenses are valid and work has been completed, are consistently implemented in practice.</p> <p>Due Date: June 30, 2026</p>
----	--	---

#6	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement robust monitoring processes to verify that property management (including operations and maintenance) service providers are meeting performance requirements, including the quality of workmanship and conformity to specifications and requirements. Such processes should include:</p> <p>a. conducting, with sufficient frequency, site visits, inspections or reviews and documenting the results.</p> <p>b. reviewing tenant complaints to identify trends in concerns with the conformity of specific categories of work.</p> <p>c. enhanced monitoring in areas where there is a higher prevalence of tenant complaints, lower tenant satisfaction ratings, and potential for health and safety risks.</p> <p>d. documenting concerns raised and responses from service providers on any remedial action that has been taken.</p>	<p>a. TCHC is actively developing a standardized approach that informs the staff site visits, inspections or reviews and documenting the results.</p> <p>b. TCHC is actively developing a framework to review tenant complaints to identify trends in concerns associated with specific categories of work.</p> <p>c. TCHC is actively developing a framework for enhanced monitoring in areas where there is a higher prevalence of tenant complaints, lower tenant satisfaction ratings, and potential for health and safety risks.</p> <p>d. TCHC is actively developing a framework for documenting concerns raised and responses from service providers on any remedial actions that has been taken.</p> <p>Due Date: June 30, 2026</p>
----	--	--

#8	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement a process for documenting, escalating, and following up on service provider performance issues to ensure corrections are made in a timely manner. Such processes should include documenting results of actions that respond to:</p> <ul style="list-style-type: none"> a. performance issues identified through inspections and review of records. b. performance issues identified through comparison of performance to KPI, tenant complaints, and tenant satisfaction surveys. c. performance issues identified in annual contractor performance evaluations. d. performance issues identified in letters of non-compliance. 	<ul style="list-style-type: none"> a. TCHC is actively developing a framework to implement a process for documenting, escalating, and following up on service provider performance issues to ensure corrections are made in a timely manner; and performance issues are identified through inspections and review of records. b. TCHC is actively developing a framework to better manage performance issues identified through comparison of performance to KPI, tenant complaints, and tenant satisfaction surveys. c. TCHC is actively developing a framework to better manage performance issues identified in annual contractor performance evaluations. d. TCHC is actively developing a framework to better manage performance issues identified in letters of non-compliance. <p>Due Date: June 30, 2026</p>
#10	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to provide data-driven reporting that supports the Board's decision making and ability to hold management accountable for continuous improvement and better outcomes.</p>	<p>TCHC is actively developing a standardized approach to provide data-driven reporting that supports the Board's decision making and ability to hold management accountable for continuous improvement and better outcomes.</p> <p>Due Date: June 30, 2026</p>

**AUDITOR
GENERAL**

TORONTO



Toronto Community Housing Corporation – Results of 2021 Follow-up of Previous Audit Recommendations

Date: June 23, 2021

To: Board of Directors of Toronto Community Housing Corporation

From: Auditor General

Wards: All

SUMMARY

The Auditor General regularly reviews the implementation status of recommendations made through her audit and investigation reports. The results of the review are reported to City Council through the Audit Committee.

This report provides the status of the implementation of the 23 audit recommendations included in the 2019 report entitled "Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations".

This is our first follow-up review of the recommendations contained in that report.

During our review, we verified management's assertions that Toronto Community Housing Corporation (TCHC) together with the City has fully implemented 11 recommendations. One recommendation was determined to be no longer relevant. These recommendations are listed in Attachment 1 and Attachment 2, respectively.

Subsequent to the completion of our follow-up work, management advised that three more recommendations (recommendations #2, #6 and #9) have been fully implemented. We have not yet verified management's assertions. There are eight remaining recommendations where implementation is in progress. These recommendations, together with management comments, are included in Attachment 3 and will be included in a subsequent follow-up review.

The results of this follow-up review will be included in our consolidated report on the status of outstanding recommendations to be presented at the November 2, 2021 City Audit Committee meeting.

We express our appreciation for the co-operation and assistance we received from TCHC and City management and staff in implementing the Auditor General's new recommendation tracking system and for providing regular updates on the status of recommendations.

RECOMMENDATIONS

The Auditor General recommends that:

1. The Board of Directors of Toronto Community Housing Corporation receive this report for information.

FINANCIAL IMPACT

The recommendation in this report has no financial impact.

DECISION HISTORY

The results of the Auditor General's audit of TCHC's redevelopment and revitalization activities were presented to the TCHC Board of Directors on April 29, 2019, to the City's Audit Committee on May 3, 2019, and to City Council at its meeting of May 14, 2019.

The audit report is available at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU2.1>

The follow-up of outstanding recommendations is required by Government Auditing Standards. The process is important as it helps to ensure that management has taken appropriate actions to implement the recommendations from previous audit reports. The follow-up review is part of the Auditor General's annual work plan. The Auditor General reports to the Board of Directors and the City's Audit Committee each year on the implementation status of outstanding recommendations.

The Auditor General's follow-up of outstanding recommendations does not constitute a performance audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). However, we believe that we have performed sufficient work to validate management's assertions on the implementation of recommendations.

COMMENTS

The Auditor General's follow-up work was impacted by the COVID-19 pandemic. In 2020, we deferred our follow-up work that was in progress to enable City divisions, agencies and corporations to focus on the delivery of essential services.

During this time, our Office implemented a new audit management technology solution. The new system allows management to provide updates on the implementation status of outstanding recommendations at any time throughout the year. With the new system in place, we can continuously track and report on management's assessment of implementation progress and their target completion date.

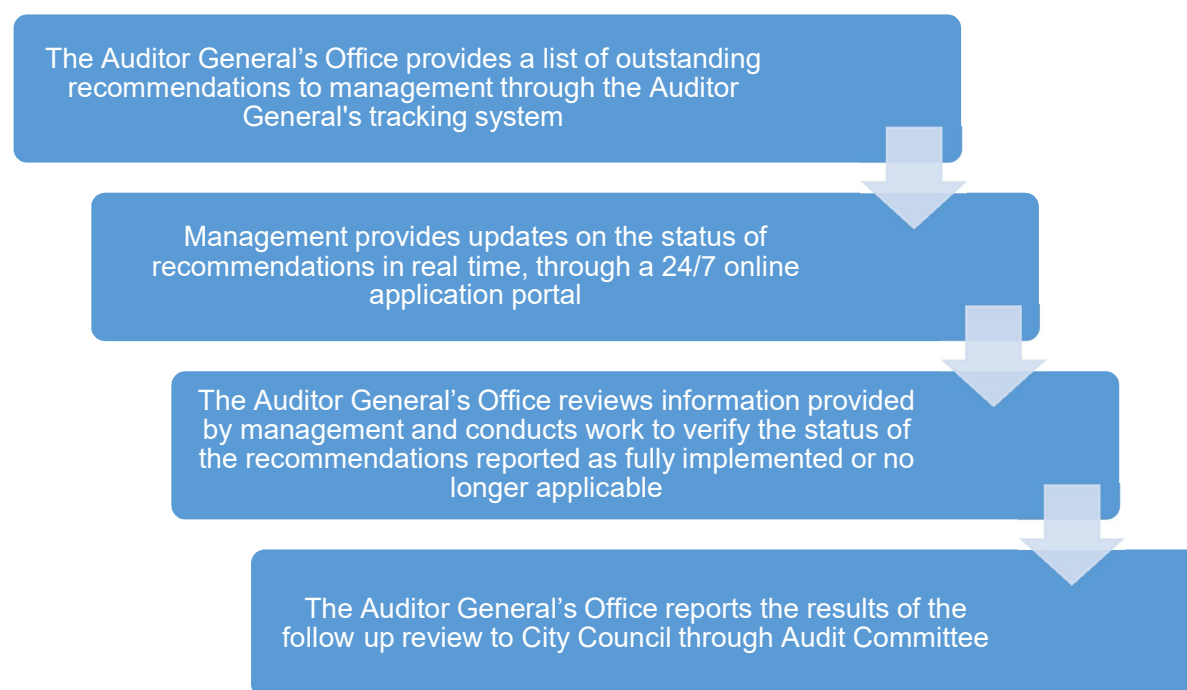
Our follow-up process, as summarized in Figure 1, requires management to review the outstanding audit recommendations and provide information on their implementation status.

Where management is continuing to take action to address recommendations and has reported the recommendation as not yet fully implemented, we do not conduct further work.

For recommendations management has reported as fully implemented or no longer applicable, management is required to explain why the recommendation is considered fully implemented or no longer applicable and provide sufficient and relevant supporting documentation. The Auditor General's Office conducts work to verify the status of these recommendations.

The Auditor General's Office is unable to validate management's assertions that recommendations are fully implemented if agencies and corporations do not provide sufficient evidence of actions taken.

Figure 1: Key Steps in the Recommendation Follow-Up Process



City divisions, agencies and corporations have been requested to update the recommendation tracking system with the current implementation status of outstanding recommendations on an ongoing basis.

Of the 23 recommendations included in the 2019 report entitled "Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations", we verified that 11 recommendations were fully implemented, and one recommendation

was no longer relevant. Three recommendations were reported as fully implemented after we completed our follow-up review; these recommendations will be verified in a subsequent follow-up review. Management continues to take action to address the eight remaining audit recommendations.

At its meeting on July 16, 17 and 18, 2019, as part of the Tenants First Implementation Plan, Council approved in principle the transfer of TCHC's real estate development functions to CreateTO and/or the City in alignment with the City-wide real estate model. We believe that the intent and spirit of the related recommendations from our audit report should still be considered in the planning and administration of any TCHC redevelopment projects regardless of whether they are moved forward by TCHC or transitioned to CreateTO.

Noteworthy 2021 Follow-Up Review Results

In our April 2019 audit report, we highlighted that the City and TCHC need to strategically align their priorities and desired outcomes with an adequate funding support plan to more fully leverage revitalization opportunities. This will not only ensure that existing social housing is replaced, but can also more effectively address other city-building priorities, such as increasing the supply of affordable housing.

Recommendation 1

The Auditor General recommended that City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation, to make recommendations to City Council regarding city-building objectives that will be addressed through TCHC revitalizations, and the related funding requirements to achieve those objectives, prior to proceeding with future revitalizations and/or phases that have yet to obtain planning approvals and Shareholder consent.

In May 2019, City Council requested that the Executive Director, Housing Secretariat, in consultation with CreateTO, report to the Planning and Housing Committee on any options for city-building objectives that may be included in revitalizations that have yet to obtain planning approvals.¹

In July 2019, City Council adopted a new approval framework for TCHC Revitalization Projects. The Staff Report indicated that by implementing the new approval framework, "redevelopment and revitalization projects will be carried through a stage gate process to ensure appropriate level of consultation, oversight and consistency in decision-making, while ensuring that City objectives, including affordable housing are achieved."²

Since that time, the Housing Secretariat has reported back to City Council on the progress or approval of TCHC revitalization projects. These reports indicate that from October 2019 to December 2020, TCHC has included an additional 337 affordable rental units in three revitalization projects: Don Summerville (100 units), Firgrove-

¹ <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU2.1>

² <https://www.toronto.ca/legdocs/mmis/2019/ph/bgrd/backgroundfile-135556.pdf>

Grassways (107 units) and Lawrence Heights Phases 2 & 3 (130 units). These affordable housing units are over and above what was originally planned for these developments at the time of our audit.

High-Priority Open Recommendations

Recommendation 12

During our 2019 audit, we found that City Council was informed almost three years after TCHC's Board, that there was a \$107.7 million funding shortfall for Phase 3 of the Regent Park revitalization and that capital funding from the City was needed. We noted that funding needs for planned revitalization projects should be promptly and transparently communicated so that the City can appropriately plan, prioritize, and allocate funding to meet capital needs across the City and its agencies and corporations within its debt targets.

The Auditor General recommended that 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 November 2019, City Council adopted a permanent funding model for TCHC. The Social Development, Finance & Administration Division advised us that, in recommending the funding model, funding of TCHC revitalizations was contemplated; but, because the revitalizations were not considered part of TCHC's core mandate, funding for the revitalizations was not incorporated into the permanent funding model.

While TCHC provided the City's Financial Planning Division with information on the capital funding required for its (1) building capital repair, (2) in-flight revitalizations and (3) pending revitalization projects during the 2021 budget process, the City's 10-year Capital Plan only addresses funding required for TCHC's building capital repair and in-flight revitalizations. The City's 2021-2030 Capital Plan, presented to City Council for consideration in February 2021, did not include approximately \$470 million³ (in unfunded capital requirements) that TCHC needs to complete the pending revitalization projects at Firgrove, Lawrence Heights Phases 2 and 3, and Regent Park Phases 4 and 5.

CONTACT

Ina Chan, Deputy Auditor General (A), Auditor General's Office
Tel: 416 392-8472, E-Mail: Ina.Chan@toronto.ca

Elaine Lu, Audit Manager, Auditor General's Office
Tel: 416-392-8463, E-Mail: Elaine.Lu@toronto.ca

³ Based on TCHC estimates as at October 2020

SIGNATURE

Beverly Romeo-Beehler

Beverly Romeo-Beehler
Auditor General

ATTACHMENTS

Attachment 1: TCHC - Fully Implemented Audit Recommendations (verified by the Auditor General)

Attachment 2: TCHC - No Longer Relevant Audit Recommendation (verified by the Auditor General)

Attachment 3: TCHC - Not Fully Implemented Audit Recommendations

TORONTO COMMUNITY HOUSING CORPORATION

FULLY IMPLEMENTED AUDIT RECOMMENDATIONS

(Verified by the Auditor General)

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

Report Date: 03/28/2019

No.	Recommendation
1	City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to make recommendations to City Council regarding city-building objectives that will be addressed through TCHC revitalizations, and the related funding requirements to achieve those objectives, prior to proceeding with future revitalizations and/or phases that have yet to obtain planning approvals and Shareholder consent.
5	City Council request the Executive Director, Social Development, Finance & Administration, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to ensure that TCHC's long-term development capital and operating needs for revitalizations are considered as part of developing a long-term permanent funding model.
11	City Council request the Toronto Community Housing Corporation Board to report annually to City Council through the City Manager and the City's Chief Financial Officer on the long-term building repair and development capital plans, including funding sources and any unfunded amounts the City needs to include in its Capital Plan.
13	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure that all likely capital and operating costs and cost avoidances, be reasonably estimated and reported all together when recommending the business case and anchor business plans (including amendments if there are significant changes) for new revitalizations. Where costs cannot be estimated, but the budget may be impacted, then at minimum, such costs should be discussed qualitatively.
14	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement regular status reporting for each revitalization project. At minimum, the frequency and extent of such reporting should be based on thresholds developed for the following elements: a. total cost; b. spending to date; c. total committed funding; d. total unfunded requirements; and e. timeline projections.
16	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure that the significant negotiated terms, and the financial impacts, are fully described and compared when recommending a development partner for future projects.
17	The Board request the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to: a. ensure the financial terms of both initial and final offers are analyzed and evaluated on a discounted cash flow basis to reflect the timing of cash flows and TCHC's cost of capital; and b. ensure key assumptions and underlying estimates are documented and retained.
19	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to use certified appraisals to determine the fair market value of the land prior to marketing revitalization opportunities to potential proponents.
20	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure that terms of reference for market analyses and/or appraisals is documented and retained.
22	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to retain sufficient and appropriate documentation in order to adequately support development related decisions.
23	City Council request the City Manager to forward this report to other major agencies and corporations for their review and consideration of the relevance of the recommendations to their respective organizations.

TORONTO COMMUNITY HOUSING CORPORATION

NO LONGER RELEVANT AUDIT RECOMMENDATION (Verified by the Auditor General)

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
7	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to periodically review and benchmark its risk tolerance for development transactions with other relevant organizations including the City and CreateTO; and, recommend criteria for evaluating risk / return trade-off to ensure that future real estate transactions align with the City's risk appetite.</p>	<p>This recommendation is no longer applicable given the new Council approved Revitalization Approvals Framework outlined in Item PH7.4. This new Revitalizations Framework includes a process which provides Council with critical information regarding the nature and scale of proposed revitalization projects, earlier in the process to enhance Council's oversight and support informed decision-making.</p> <p>Additionally, through the new Framework, TCHC works closely with CreateTO, the Housing Secretariat and other City divisions that are part of an interdivisional table to plan for revitalizations. Major issues and significant opportunities identified through consultation with the interdivisional table are included in the proposed Initial Development Proposal report for each proposed revitalization for Council consideration.</p> <p>The determination over risk/reward and city-wide benchmarking is made by City Council prior to projects being approved to proceed with procurement for a development partner.</p> <p>Since implementation of this new Revitalization Approvals Framework in 2019, revitalizations proposals from developers arising from the site procurement process are no longer evaluated solely by the TCHC Board of Directors.</p> <p>TCHC, CreateTO and the Housing Secretariat will collectively review submissions to ensure a full range of city-building objectives are achieved and that the City's risks are appropriately managed.</p>

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/bgrd/backgr_oudfnfile-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/bgrd/backgr_oudfnfile-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>

No.	Recommendation	Management Comments as of June 23, 2021
	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>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	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>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	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>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"> 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. 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. 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

No.	Recommendation	Management Comments as of June 23, 2021
		<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>

No.	Recommendation	Management Comments as of June 23, 2021
	<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>

Attachment 3

No.	Recommendation	Management Comments as of June 23, 2021
	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>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>