Toronto Community Housing

State of Good Repair Program and Process Review - Update

Item 10
July 7, 2025
Building Investment, Finance and Audit Committee

Report:	**BIFAC:2025-63**
To:	Building Investment, Finance and Audit Committee ("BIFAC")
From:	Vice President, Facilities Management and Chief Financial Officer
Date:	June 22, 2025

PURPOSE:

This report provides the Building Investment, Finance and Audit Committee ("BIFAC") and the Board of Director's (the "Board") with an update on the review of Toronto Community Housing Corporation's ("TCHC") State of Good Repair ("SOGR") program and processes.

RECOMMENDATIONS:

It is recommended that the Building Investment, Finance and Audit Committee receive this report for its information and forward it to the Board of Directors for its information.

REASONS FOR RECOMMENDATIONS:

Background

In 2019, TCHC commenced its renewed 10-year Capital Renewal Plan based on federal investment from the National Co-Investment Fund ("NCIF") and the City of Toronto's commitment to provide stable, long-term funding. This funding represented the first consistent, long-term investment in TCHC's capital repair portfolio and an opportunity to implement larger, more strategic, and proactive approaches to renewal enabled by the certainty of multi-year funding. This meant a wholesale shift in TCHC's approach,

including the ability to address holistic systems renewal and modernization in lieu of patchwork component repair and replacement.

These major investments in capital renewal are aimed at improving the quality of housing for our tenants and meeting targets set out in funding agreements including those related to facility condition, energy performance, accessibility, and the retention of units.

To date, over $2B in capital work has been completed.

Despite significant capital investment and demonstrated improvement of portfolio-wide Facility Condition Index (“FCI”), the TCHC portfolio continues to face critical challenges including a growing repair backlog ($8.42B), an increasing trend towards demand-oriented repair spending, and a large percentage of the portfolio in critical or poor condition. Soaring inflation, rising construction costs, and other sources of industry and market volatility have also put TCHC’s funding targets at risk.

In response to these challenges, TCHC is advancing a renewed SOGR investment plan that addresses broader systemic issues within the SOGR program. The basis of the renewed SOGR investment plan, is being developed through in-depth TCHC staff analysis and evaluation, comprehensive third-party studies as well as the planned audit of TCHC’s capital planning process and prioritization of capital project spending by the City of Toronto’s Auditor General.

Review and Recommendations - GEI Consultants Inc.

At its meeting of March 18, 2024, the BIFAC received the Internal Audit Report: Capital Projects Planning and Monitoring Process Review (State of Good Repair) (BIFAC:C2024-23).

Following the audit, TCHC engaged GEI Consultants Inc. (“GEI”) to perform a review and evaluation of TCHC’s SOGR capital project planning and delivery processes including an assessment of the maturity of TCHC’s delivery of the SOGR plan, comparing business management to leading industry practices, and identifying opportunities for improvement.

GEI’s Approach

GEI’s review examined how TCHC governs, plans, executes, and reports on the SOGR of its facilities. GEI reviewed internal documents, financial trends, asset management systems, and operating procedures. Interviews were

conducted with staff across Facilities Management, Operations, Finance, Internal Auditing, and Capital Planning, alongside consultations with Board members. Board and committee meeting videos were analyzed to understand how SOGR is communicated at the leadership level. A custom maturity framework was created and applied to identify potential gaps, supported by peer benchmarking and structured root cause analysis, including external consultations with Ottawa Housing and BC Housing.

Attachment 1 includes a summary of the GEI recommendations and implementation plan, with the full details of the review included in Attachment 2.

Implementation

The GEI report includes a phased implementation plan with consideration of strong foundational principles, quick wins, the leveraging of current strengths, risk-management strategies, and the achievement of longer-term portfolio goals. Grouped into five categories, the phased implementation plan of 30 recommendations relate to the following:

- **SOGR Strategy & Oversight** – Develop a formal SOGR plan, clarify roles and accountability, and define measurable objectives and KPIs.
- **Investment Planning** – Define and communicate total (unconstrained) need, apply structured project prioritization, and safeguard planned budgets from reactive overages.
- **Project Delivery** – Document/standardize SOGR and capital delivery processes, improve vendor and contract management, and define escalation and approval protocols.
- **Data-Driven Performance** – Centralize capital data, reduce reliance on Excel, and introduce metrics that track backlog, tenant impact, and lifecycle cost effectiveness.
- **Culture & Communication** – Improve internal collaboration, introduce regular business reviews, and pilot communication tools like a “SOGR Success Card.”

NEXT STEPS:

Towards a Renewed SOGR Investment Strategy

The creation of a renewed SOGR investment strategy is now more critical than ever to TCHC as we approach the final years of the current 10-year

plan. Further, securing the next wave of funding and financing will hinge on TCHC's ability to successfully demonstrate its strengths and address identified gaps.

The GEI report lays the groundwork for long-term improvements to the SOGR program. An assessment of the operational feasibility, financial implications and organizational readiness necessary to successfully implement these recommendations, and ensure they deliver sustained impact, requires collaboration across the organization. As progress is made toward developing a concrete roadmap, the BIFAC and the Board will receive ongoing reporting to ensure continued oversight and alignment with strategic priorities.

SIGNATURES:

"Noah Slater"

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Noah Slater,
Vice President, Facilities Management

and

"Lily Chen"

_____

Lily Chen,
Chief Financial Officer

ATTACHMENTS:

1. GEI Consultants Inc. SOGR Summary
2. GEI Consultants Inc. SOGR Report

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TCHC State of Good Repair (SOGR) Capital Project Delivery Review

Final Report Summary

June 2025

Agenda

1. Project Recap
2. Key Findings
3. Recommendations & Workplan
4. Future Business Case

Project Objective & Approach

Project Objective

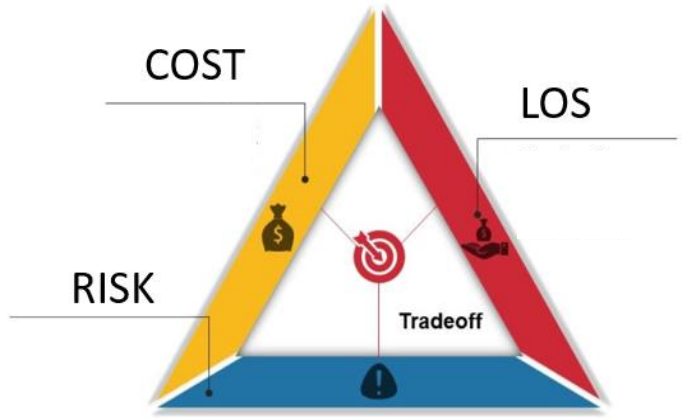
- Assess maturity of TCHC's delivery of its SOGR Plan
- Compare business management to leading practices
- Identify opportunities for improvement

Our Approach

- Evaluate governance, planning, execution, reporting
- Evaluate state of good repair data: FCI, capital budget
- Comprehensive review of documents & records, interviews, board meeting recordings, industry scans

SOGR Baseline

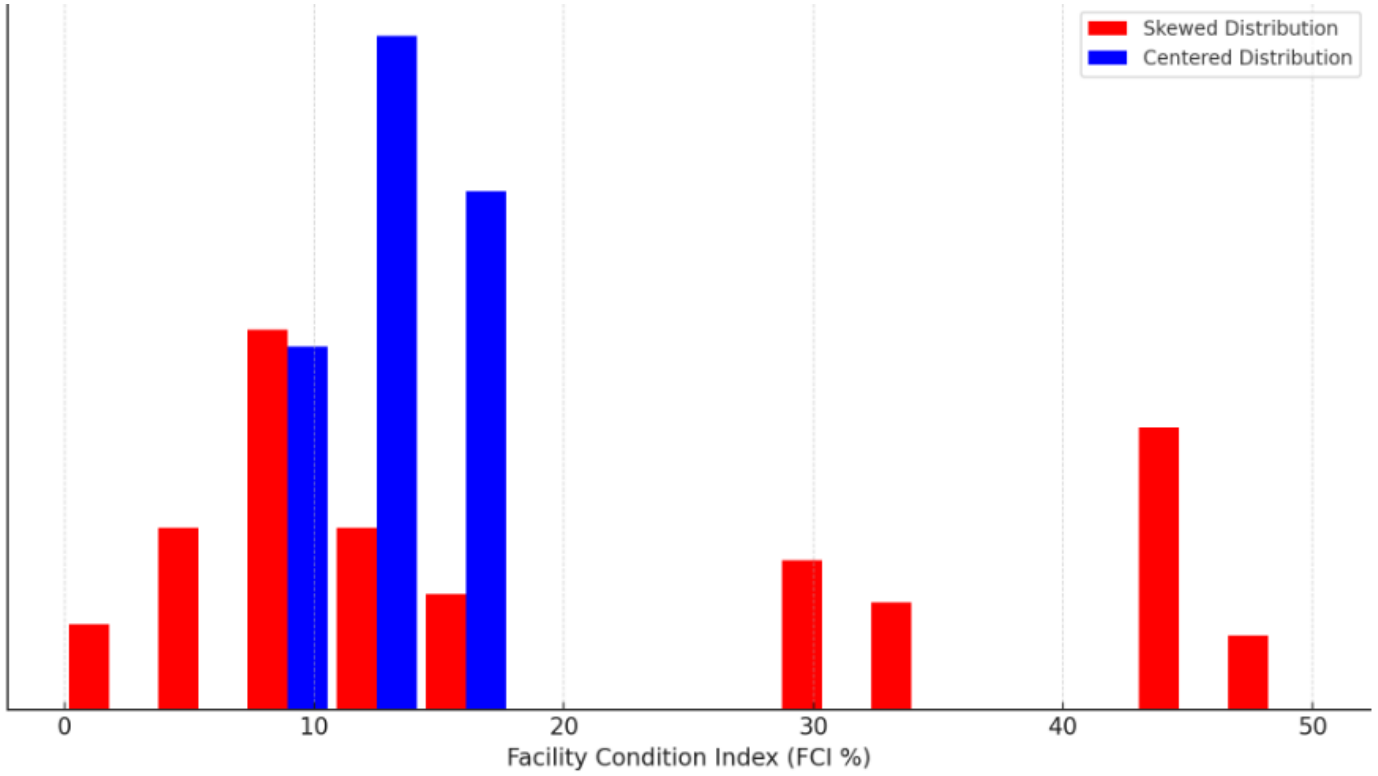
- Dynamic, documented SOGR Plan that balances Levels of Service (LOS), risks, and costs
  - Goals and workplan
  - Quality data
  - Process to use, modify, monitor, communicate
  - Based on LOS, cost, and risk
  - Lifecycle strategies defined, prioritized and applied
  - Transparent, traceable, data-based decisions
  - Section 1.2 of the Final Report



FCI – What the Average Hides

Red = Mock profile, avg. FCI = 13%

Blue = Mock profile, avg. FCI = 13%



SOGR Baseline

TCHC Levels of Service:

- SOGR – short and long term
- Keeping units and buildings open
- Energy reduction
- Increased accessibility
- Tenants First commitments

SWOT

Strengths: Considered in recommendations

- **Data Foundations:** Mature asset data, routine condition assessments, and structured operational processes support effective planning and delivery.
- **Skilled Delivery**: Facilities Management team excels in large projects, cross-functional collaboration, and responsive execution.
- **Competent Driven Staff**: Decisions are guided by safety, accessibility, livability, and a commitment to continual improvement.
- Section 3.1 of the Final Report

SWOT

Opportunities: Built into recommendations

- **Collaboration & Benchmarking for Innovation**: Strengthened collaboration with CREM and peer housing providers can unlock shared insights on prioritization, cost-efficiency, and climate targets, while enabling data-driven benchmarking and best practice exchange.
- **Modernized, Inclusive Capital Planning**: Advancing digital tools, enhancing tenant engagement, and aligning with City asset management practices.
- Section 3.3 of the Final Report

SWOT

Threats: Connected/considered in recommendations

- **Capital Planning Disrupted by Funding Volatility and Policy Shifts**
- **Market Pressures Undermine Delivery Capacity**
- **Systemic Constraints and External Conflicts**
- Section 3.4 of the Final Report

SWOT

Weaknesses: Root basis of recommendations

- TCHC didn't evolve reporting to a strategic, accountable SOGR plan
  - Without a transparent, well-communicated, and embedded SOGR plan, TCHC has lacked the strategic backbone needed to demonstrate value
  - Left leaders to manage symptoms without clarity of what's being achieved
  - Acknowledge and report on constrained SOGR Capital Planning
- Unoptimized Role Clarity and Accountability
- Fragmented Data and Decision-Making Tools
- Cultural and Structural Factors in Collaboration
- Not new news!
- Sections 3.2 and 4 of the Final Report

Ottawa and BC Housing also do not have a detailed plan available – TCHC is comparable to other major Canadian housing providers

SWOT Weaknesses Con't

- Range of observations in each area
- Maturity matrix for goal-setting

Category	Sub-Category	**Ad-hoc** (Reactive & Unstructured)	**Developing** (Basic & Emerging)	**Established** (Integrated & Systematic)	**Leading Practice** (Optimized & Strategic)
Governance (Goals, Roles & Rules)	Strategic Objectives & Service Levels		*		
	Structure		*		
	Decision-Making		*		
	Accountability		*		
Planning (Plans, Needs, Costs & Risks)	General		*		
	Asset Inventory & Condition Data			*	
	Prioritization Framework		*		
Execution (Delivery & Actions)	General		*		
Monitoring & Reporting (Tracking, Reporting, & Improvement)	General		*		
	Data Integration		*		
	Performance Metrics		*		

Recommendations

19 recommendations, grouped into 5 categories, linked to SWOT:

- SOGR Strategy & Oversight
- SOGR Investment Planning
- Effective Project Delivery
- Data to Drive Performance
- Culture, Collaboration, and Communication

- Section 5 of the Final Report

Recommendations

SOGR Strategy & Oversight

- Unify planning, budgeting, and delivery
- Clarify roles, ownership, and escalation
- Embed KPIs, lifecycle, and accountability

SOGR Investment Planning

- Quantify gaps, prioritize transparently
- Segregate budgets, enforce spending limits
- Align capital to lifecycle objectives

Effective Project Delivery

- Document end-to-end delivery process
- Standardize procurement and contract control
- Gatekeep milestones and approvals

Data to Drive Performance

- Centralize metrics, integrate systems
- Track project budgets and outcomes
- Develop rolling 10-year capital forecast

Culture, Collaboration & Communication

- Break silos, create shared accountability
- Communicate progress, risks, and results
- Champion learning and success stories

Implementation Plan

- **Start in the Short-Term (<3 years):** Establish a formal, transparent SOGR plan with clear priorities, controls, and governance to stabilize decision-making and show visible traction on capital outcomes.

- **Start in the Medium-Term (2–5 years):** Mature SOGR by aligning lifecycle strategies, preventive maintenance, and cross-functional planning.

- **Start Later (5-7 years):** Move to asset stewardship, capable of sustaining long-term building condition through risk-based investment and alignment with city-wide infrastructure and housing strategies.

Short Term Details

1. Comprehensive SOGR Plan
2. 10-Year SOGR Forecast
3. Reframe FCI Target
4. Priority Framework
5. Budget:
   a) New SOGR Budget Format
   b) Spending Controls
   c) Reserves
6. SOGR Metrics
7. Unconstrained SOGR Needs
8. Communication Channels
9. Success Card Pilot
10. Monthly Business Reviews

Business Case for the Future

- Ground the ask in portfolio stabilization, not FCI (alone)
- Demonstrate that SOGR investment will (continue to) be strategic and disciplined
- Communicate readiness and progress on reform
- Structure the case around measurable outcomes
- Present the case as an evolution, not a reset

Next Steps for TCHC

- Finalize the report and implementation plan
- Begin working on solutions
- Report back often and adjust the plan

Toronto Community Housing

Thank You

GEI Consultants

GEI Consultants Canada

Toronto Community Housing Corporation
State of Good Repair Delivery Plan Review

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June 5, 2025

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Acronyms and Abbreviations

AssetPlanner	Building Asset Management Software used by TCHC
BCA	Building Condition Assessment or Business Case Amendment
BCQ	Business Case Questionnaires
CMHC	Canadian Mortgage and Housing Corporation
CREM	City of Toronto, Corporate Real Estate Management Division
DGR	Demand General Repairs
EAM	Enterprise Asset Management
ELT	TCHC, Executive Leadership Team
FCI	Facility Condition Index
FM	TCHC Facilities Management Division
GIS	Geographic Information System
HoMES	Specialist Software used by TCHC
HVAC	Heating, Ventilation, and Air Conditioning
IHR	In-House Reviewer
ITS	TCHC, Information Technology Services Division
KPI	Key Performance Indicator
LOS	Level of Service
PM	Project Manager
QA/QC	Quality Assurance/Quality Control
RACI	Responsible, Accountable, Consulted, Informed
RFP	Request for Proposal
RFQ	Request for Quotation
SOGR	State of Good Repair
SOP	Standard Operating Procedure
SWOT	Strengths Weaknesses Opportunities Threats
TCHC	Toronto Community Housing Corporation
VFM	Value for Money
WO	Work Order
YARDI	Property Management Software used by TCHC

Executive Summary

E.S.1. Introduction

Toronto Community Housing Corporation (TCHC) owns over 1,300 aging buildings with a growing repair backlog of $8.42B. Despite committed federal and municipal funding, ongoing financial pressures, aging infrastructure, and rising reactive work have constrained TCHC's ability to meet State of Good Repair (SOGR) targets, with the Facility Condition Index (FCI) forecast to miss its 10% goal, set in 2017.

TCHC engaged GEI Consultants (GEI) to review its capital planning and SOGR delivery and develop recommendations to improve efficiency, value for money, and funding alignment. The review assessed TCHC's maturity across governance, planning, execution, and reporting functions. It found foundational strengths—such as asset data, funding access, and staff capability—but also identified key challenges: unclear SOGR goals, siloed roles, a lack of lifecycle-based planning, uncontrolled demand spending, and fragmented data systems.

E.S.2. Methodology

To gather observations on TCHC's practices, a four category model was used that was centered around governance, planning, execution, and reporting specific to SOGR Planning.

- **Governance** covers the structures, roles, and accountability guiding SOGR decisions—ranging from reactive oversight to coordinated, risk-based leadership.
- **Planning** assesses how asset needs and risks are forecasted—shifting from short-term fixes to long-term, data-driven strategies aligned with service and financial goals.
- **Execution** looks at how capital projects and maintenance are delivered—moving from ad-hoc work to efficient, proactive practices that extend asset life and reduce costs.
- **Reporting** tracks how asset condition and spending are monitored—progressing from manual, fragmented reports to integrated analytics that support informed decisions and continuous improvement.

As part of the review, an analysis informed by a Strengths, Weaknesses, Opportunities, Threats (SWOT) framework was conducted.

1. **Strengths** – Internal factors supporting effective SOGR planning.
2. **Weaknesses/Challenges** – Internal barriers, limitations, or gaps, analyzed using a structured framework. These "Challenges" are explored in significantly greater depth, as addressing internal challenges was a central focus of the assignment.
3. **Opportunities** – External conditions or trends that could be leveraged to strengthen SOGR Planning outcomes.
4. **Threats** – External factors that may pose risks or constraints to successful SOGR planning and execution.

A summary of these findings is provided in Section 3.

E.S.3. Root Causes and Recommendations

The root causes related to the challenges in the SWOT analysis were identified. The root causes include SOGR planning constrained to available funds, absence of a formal SOGR Plan, diffuse accountability on some SOGR elements, underused data and planning tools, and weakened cross-functional coordination. At its core, TCHC's challenges in SOGR are driven by a system where funding availability, not asset need, dictates priorities. Although capital work is being planned, the focus has been on prioritizing the most critical work within the funding constraints, rather than regularly communicating future needs and related risks. In the absence of a unifying and documented SOGR strategy, clear accountability, and integrated planning tools, this has left TCHC Divisions to operate in silos, and capital efforts disconnected from long-term outcomes.

This report provides a roadmap to strengthen SOGR governance, prioritize planned investments, stabilize conditions, and enable long-term capital effectiveness. Addressing these issues will position TCHC to improve outcomes, communicate risks and needs more clearly, and enhance its case for future funding. To improve SOGR planning, recommendations on key focus areas have been developed, as shown in Table 1.

Table 1 Key Focus Areas and Recommendations

Focus Area	Recommendations
SOGR Strategy and Oversight	- Formal SOGR plan (Accountability framework, objectives and KPIs, lifecycle strategies, roles & responsibilities) - Monthly business reviews reporting on both leading and lagging indicators - FCI target review
SOGR Investment Planning	- Unconstrained needs definition - Project prioritization framework - SOGR budget format - Spending controls (segregated budgets, spending caps, approval authorities) - Contingency reserve - Lifecycle costing - Cross-division planning integration
Effective Capital Delivery	- Documentation - Procurement and vendor management
Data to Drive SOGR Performance	- Centralized metrics - Capital data integration - Project-level budget tracking - 10-year SOGR plan
Culture, Collaboration & Communication	- Communication channels - Collaborative planning culture - SOGR Success Reporting Pilot

The recommended approach calls for TCHC to establish a unified, accountable, and data-informed SOGR plan and delivery mode, continuing to practice more proactive SOGR principles as they can be afforded. This should include lifecycle-based investment, with clear roles, stronger cross-functional collaboration, and transparent, measurable progress toward stable, well-maintained housing. A phased

implementation plan is enclosed, including considerations of quick wins, foundational elements, risk, and momentum building initiative, to implement the recommendations. The recommendations have been phased as short-term (1-3 years), medium-term (3-10 years), and long-term (>10 years) initiatives.

1. Project Background

Toronto Community Housing Corporation (TCHC) owns and operates a large housing portfolio of over 1,300 buildings worth approximately $19.3 bn[1], with an average age of approximately 49 years[2]. The state of good repair (SOGR) backlog has grown from x to y between 2023 to 2024, indicating that the backlog is worsening. At the end of 2024, 44% of the TCHC building components are overdue for renewal.

Capital spending is enabled primarily by key streams of capital budget funding from the (federal) National Housing Strategy and (municipal) City of Toronto, and other funding sources such as third party funders and TCHC's equity funding. This capital funding is committed to SOGR and also other objectives. The current CMHC contribution agreement has the following criteria:

- Demographic Requirements: At least 33% of units support women/children
- Affordability: At least 30% of units below 80% of GTA's median market rent;
- Accessibility: 20% units designated as accessible by December 31, 2028
- Energy Efficiency: to reduce weather-normalized energy consumption by 25% by December 31, 2028
- The total committed loan amount is based on the Minimum Unit Count, which is 58,860 Housing Units. The total committed amount could be adjusted as the Minimum Unit Count changes

FCI is not a funding target with CMHC.

Committed to preserving, restoring and breathing new life into buildings, the TCHC rolling 10-year Capital Plan takes a portfolio-wide approach to repair, renew and modernize buildings and living conditions, aligning investments with available funding, SOGR planning, and funding targets. Every year, TCHC presents a 1-year capital budget along with a 10-year capital plan.

- The Building Capital Repair budget is primarily focused on capital investments in SOGR, energy, and accessibility, and covers both planned and demand-driven capital. At TCHC, planned capital is defined as investments in rehabilitation and renewal of building components that are planned, designed, coordinated, and executed in alignment with the 10-year capital plan. In contrast, demand capital is defined as unplanned urgent work, in both common areas and within units, based on unit turnover and risk.
- The Building Capital Repair budget in 2024 was $350M. In 2025, this budget was $380M, which included an additional $40M in SOGR funding.
- The annual budget for preventive maintenance capital is established and maintained independent of the Building Capital Repair budget, set annually at around $30M.
- FCI is the key metric reported as an indicator of SOGR.

[1] City of Toronto 2024 Capital Budget Briefing Note SOGR Backlog BN#09 – Jan 10.
[2] The 49-year average is based on average age weighted by replacement cost. Without replacement cost weighting, the average age is 55 years.

Since the inception of the 10-Year Capital Plan (2017), to improve the overall FCI % (16.2% at the time), a key budget principle applied is that 80%of total available capital repair funding should go towards planned jobs (as these are where critical needs are addressed most efficiently). It was implied that this ratio balanced proactive maintenance with reactive maintenance and the flexibility to address unforeseen needs. This ratio was maintained for three years but then actual spending shifted. The increasing demand capital expenditures were implied to contribute to slower FCI improvements and a growing SOGR backlog.

- From 2017 to 2023, the average portfolio FCI was improved from 16.2% to 13% through FCI improvement work.
- In December 2024, the FCI was forecasted to be at 11.5% in 2027, missing the 10% target for 2027, at the end of the 10-year plan.

For reference, backlogs at other housing providers:

- **PHC/Peel Living:** 2.6% of the portfolio.
- **Hamilton:** 4.4% of the portfolio ($131M).
- **Northumberland County:** 15.5% of the portfolio.
- **Windsor Essex:** 22% of the portfolio ($150M)
- **New York City:** 30% of the portfolio ($30B).
- **TCHC (2025 Asset Management Plan):** 44% of the portfolio ($8B)

To realign spending, new controls were implemented in early 2024. To further improve outcomes, TCHC engaged the GEI team to review SOGR planning and management, identify leading practices, and develop an implementation plan to help TCHC:

- Align with 2025-2029 Strategic Plan priorities,
- Ensure efficient spending and value for money,
- Meet funding requirements, and
- Strengthen its case for future federal funding.

1.1. Directive

- Review the TCHC capital plan from the perspective of its development, content and implementation from all aspects of program delivery, including internal processes, data and planning analysis, and program maturity.
- Investigate reasons for the changes in the capital spending from what was originally anticipated, as well as an assessment of the current controls that have been put into place by TCHC.
- Compare TCHC’s current business management processes to industry good practices.
- Recommend opportunities for improvement.

1.2. Review Framework

This section describes the approach adopted to conduct the TCHC review. As a foundation, core SOGR planning expectations were defined. To gather observations, a four category model was used, as per the defined scope of work.

1.2.1. Asset Management Principles

Leading practice in asset management, particularly within the municipal and housing sectors, involves making investment decisions not solely based on current condition but also on risk, criticality, and the expected service life of key building systems. In doing so, TCHC can better target interventions that deliver the highest return on investment in terms of cost savings, tenant service, and risk mitigation.

Under this tethered model, when costs increase, or funding decreases, Level of Service (LOS) and Risk must adjust. Figure 1, below, illustrates the relationship between Cost, LOS and Risk.

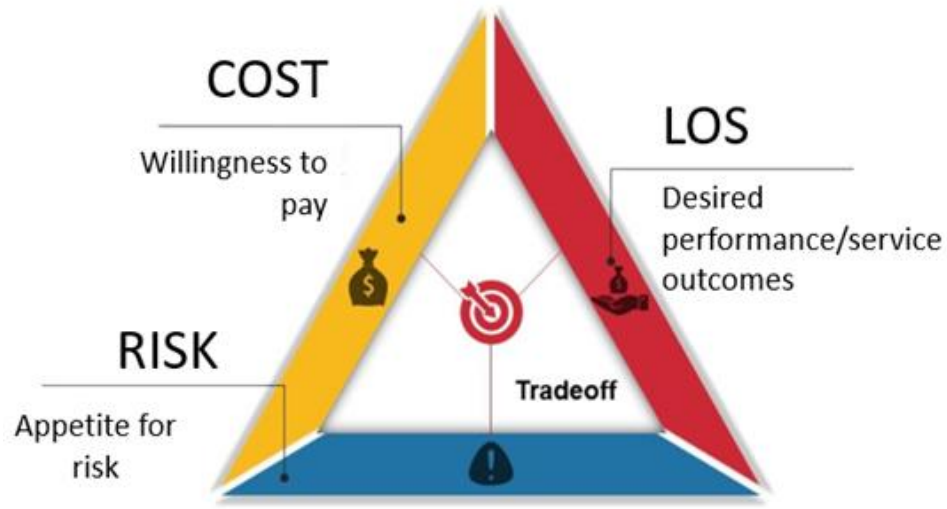


Figure 1 Balance of Asset Lifecycle Cost, Levels of Service, and Risk

- Risks increase:
  - Compliance, reputation, corporate liability, environmental, safety, health, funding risks
- LOS decreases, which may impact the TCHC ability to:
  - Provide safe, available, accessible, livable units & buildings,
  - Meet energy targets,
  - Incorporate long-term/lifecycle SOGR,
  - Achieve FCI target, and
  - Dedicate spending 80% budget on planned projects, especially with aging asset portfolio. Demand will crowd out.

Recognizing the fiscal constraints inherent to TCHC and in the non-profit housing provision sector, leading practice SOGR planning acknowledges that maintaining every facility asset in pristine condition is neither feasible nor economically prudent. Instead, SOGR planning should integrate cost considerations with predetermined service levels to optimize lifecycle investments.

Leading practice SOGR planning prioritizes smart, value-for-money lifecycle investments, enabling TCHC to allocate limited resources while maintaining long-term performance and sustainability of the assets. Budgets and planning should consider total lifecycle planning. This includes the deliberate management of assets from acquisition through to operation, maintenance, renewal, and eventual replacement or decommissioning. Figure 2 illustrates the typical deterioration of an asset through its lifecycle.

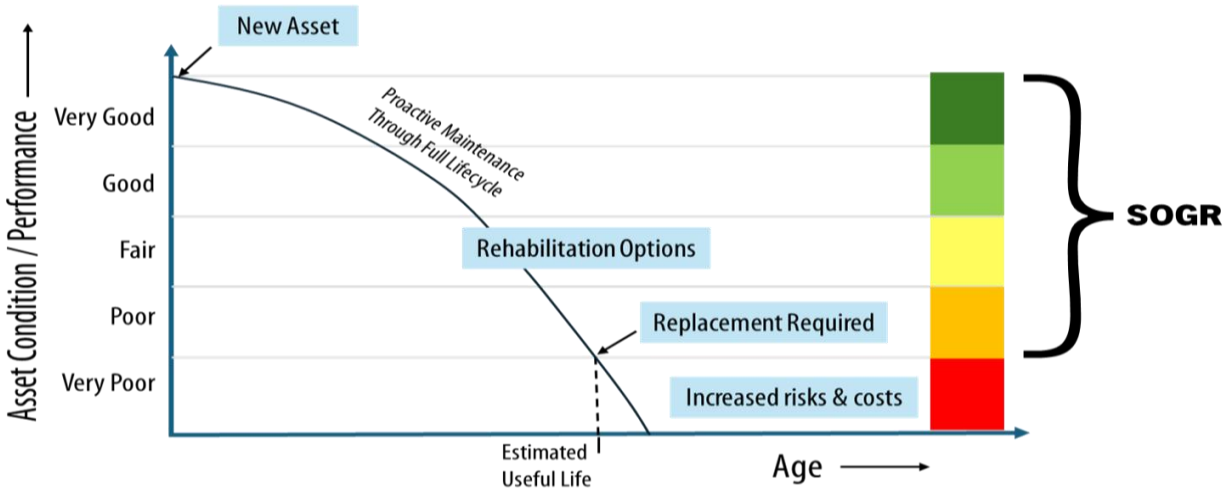


Figure 2 Typical Deterioration of Facility Components Through a Lifecycle

The phases of SOGR are often considered in the very good through poor condition or performance phases, while having assets transition into a very poor state incurs risk and extra costs. A further layer of complexity arises from the current age and condition profile of the TCHC assets. There is a key period in each facility component lifecycle during which proactive maintenance is most effective in keeping it operating predictably. If maintenance is deferred beyond this period, reactive repairs become more frequent and expensive, increasing reactive costs, affecting levels of service, and deferring planned investments.

In the context of this review, the team was seeking to understand the maturity of asset and SOGR planning for TCHC, and how the optimization pivot between costs, levels of service, and risk occurs, and what is documented and communicated, including risks and long-term impacts.

For reference, operating costs per unit at other local housing providers:

- **York HYI: $16,605/unit:**
  (total operating costs of $50.2M for 3,027 units as of 2023)
- **London & Middlesex $7,104/unit:** (total of $23.3M for 3,276 units)
- **Windsor Essex $9,255/unit:**
  (total of $45.2M for 4,884 units)
- **TCHC $12,844/unit**
  (total of $749.9 M for 58,385)

1.2.2. SOGR Lens

An industry SOGR Plan builds on the concepts above, and includes:

- Asset-based LOS, costs, risks – current and forecasted
- Asset inventory - quality data
- Lifecycle asset strategies to achieve LOS/Cost/Risk targets
- Documented strategies, processes, decisions - Planning, executing, reporting
- Forecasted capital needs, plan, and budget
- Regular monitoring, reporting, updating

At a **basic** level, a SOGR Plan is an inventory of facilities assets, their issues, and priorities for capital renewal to keep properties safe and functional. It is a capital plan that is built on what the existing building assets need to continue providing service and avoid failure. This SOGR capital plan should:

- Be based on inventory data and current condition assessment recommendations.
- Apply lifecycle management strategies which are commonly known and discussed (e.g. which assets are critical and shouldn't be run to failure, which assets benefit from a mid-life treatment).
- Be built from a risk, criticality, or prioritization framework in preparation for needs or projects that may be deferred.
- Cover at minimum a 10-year span.
- Be structured for traceability such that Building Condition Assessment (BCA)-driven or preventive maintenance projects can be identified in the budget's envelopes and project listings.
- Be accompanied by metrics to indicate performance (against targets) and risks related to backlog or unfunded needs.

Typically in the municipal sector, a **good** practice SOGR Plan documents the levels of service being provided and strived for, applicable lifecycle management strategies, risk and prioritization framework, and includes forecasts of performance and targets based on the planned spending.

A **leading** practice SOGR Plan includes

- The balancing of cost, quality, and impact over the lifecycle of the building and its components.
- Ensuring that planned expenditures contribute effectively to achieving TCHC objectives, meeting stakeholder needs, and maintaining or improving the condition and functionality of building assets.
- Not just minimizing costs but maximizing the effectiveness, efficiency, and long-term sustainability of investments.

1.2.3. Review Categories

The framework used to explore TCHC practices and organize observations was centered around governance, planning, execution, and reporting specific to SOGR Planning. This framework was custom-built based on SOGR planning and capital planning principles in the municipal sector, combined with a governance and delivery review approach commonly used in management consulting. It provides a

structured method for assessing how TCHC manages capital planning, investment decision-making, and program execution while ensuring transparency and accountability in reporting. See the reference table in the Appendix for the full maturity matrix of this model.

Governance involves the structures, roles, and accountability mechanisms that oversee SOGR planning and decision-making. Here one evaluates how leadership coordinates, prioritizes, and ensures responsible capital investment, ranging from reactive and siloed approaches to integrated, strategic oversight driven by data and risk-based planning.

Planning involves how asset needs, risks, and costs are forecasted to guide capital investment, particularly with a SOGR lens. One looks at the maturity of asset inventories, condition assessments, lifecycle methods, and prioritization frameworks, evolving from reactive short-term fixes to long-term, data-driven investment strategies that align with service levels and financial sustainability.

Execution involves how capital projects and asset lifecycle strategies are implemented. The evaluation involved the effectiveness of project delivery, preventive maintenance, and procurement practices, progressing from ad-hoc, reactive approaches to optimized, data-informed execution that maximizes asset performance and minimizes costs.

Reporting involves how asset condition, capital SOGR spending, and performance metrics are tracked and communicated. Reporting ranges from fragmented, manual reporting to integrated, real-time analytics that provide insights into proactive decision-making and continuous improvement in SOGR planning and execution.

2. Data Review

The City of Toronto's 2025 asset management plan defines levels of service, current state and forecasted needs for TCHC assets. The TCHC information is summarized below.

Service Attributes	Customer Levels of Service	Current Performance	Proposed Performance
Accessible	Housing is affordable and accessible.	Community housing is mandated to have 20% AODA accessibility. Common area renovations are completed to meet AODA accessibility standards.	City Council is considering a motion to increase this number. A decision has not yet been made, nor have the financial implications of such a decision been determined. In the interim, TCHC proposes to maintain the 20% AODA target.
Available	There is housing available to families that need it.	TCHC actively completes redevelopments of existing housing to ensure new units are available to the community.	TCHC continues to actively complete redevelopments of existing housing to ensure new units are available to the community.
Reliable; Safe	Housing is well-maintained and safe for residents.	TCHC maintains a SOGR in its facilities, which is measured by regular building condition assessments. Maintaining facilities in a SOGR helps to reduce or eliminate unplanned permanent closures.	TCHC continues to maintain a SOGR in its facilities, which is measured by regular building condition assessments. Maintaining facilities in a SOGR helps to reduce or eliminate unplanned permanent closures.

Figure 3 Levels of Service from the City of Toronto's 2025 AMP for TCHC

The current condition of community housing assets, including facilities and equipment, is summarized in the graphic below, also from the AMP.

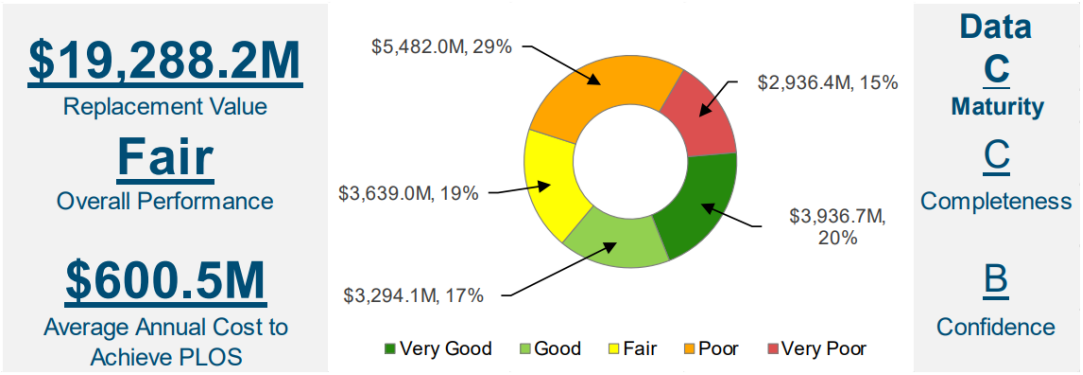


Figure 4 Community Housing Levels of Service from the City of Toronto's 2025 AMP

According to the AMP, 56% of assets are currently in fair or better performance. This number is expected to decrease to 47% by 2034 under the current approved 10-year budgets. The renewal costs required to achieve the proposed service levels is $600.5 million annually over a 10-year period, where 67% of assets are anticipated to be in fair or better condition by 2034.

The average age of the facilities in subsidized housing is reported as 49 years.

For reference, average age of portfolios at other housing providers:

- **37 years:** PHC/Peel Living.
- **40 years**: Hamilton
- **30 years:** York, on average assets have reached 45% of asset life
- **49 years:** Northumberland County
- **53 years:** Windsor Essex Public Housing
- **65 years:** New York City
- **49 years:** TCHC

Based on budget information provided, the following graph (Figure 5) shows the comparison of budget vs. actual for Demand spending categories, from 2018 to 2023. At the time of this analysis, actual data for 2024 was not available, and 2025 is ongoing. As shown, component capital, which includes DGR spending, shows the most significant variances year over year.

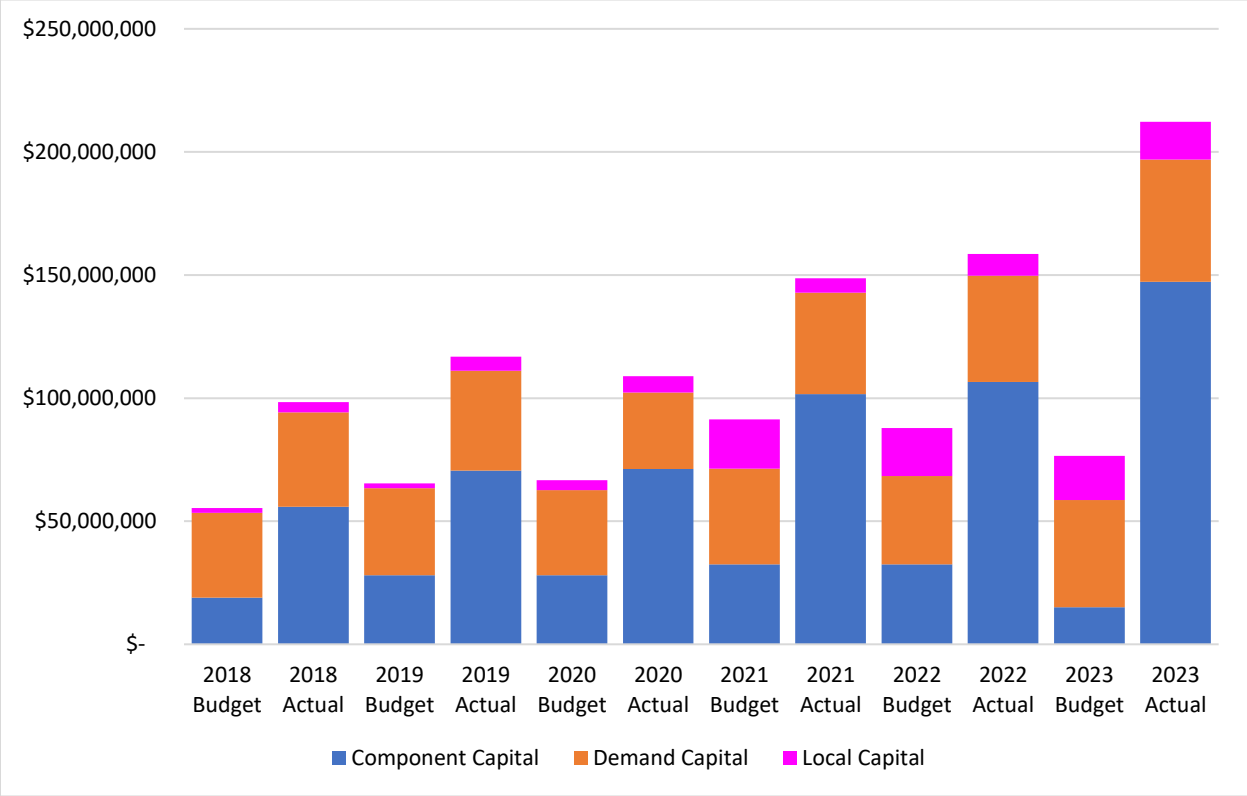


Figure 5 Budget Vs. Actual for Demand Budget Categories, 2018-2023

The following table (Table 2) highlights the most significant budget overages within the Demand (component) capital budgets (COXX) from 2018-2023. The largest overage in that timespan for these accounts is a $86M overage in 2023 for Component Capital – Interior (including Demand General Repairs (DGR) and Non-DGR spend). The total cumulative overage for that budget envelope is $192.3M from 2018-2023.

Table 2 Significant Budget Overages in Component Capital ($M), 2018-2023

6-Year Cumulative Overages ($M)	2018	2019	2020	2021	2022	2023	Total
Component Capital - Envelope and Roofing	-$2.4	-$3.1	-$3.1	-$2.0	-$2.4	-$2.7	-$15.8
Component Capital - Grounds	-$4.6	-$3.3	-$4.4	-$2.3	-$3.6	-$6.3	-$24.4
Component Capital - HVAC	-$7.4	-$7.2	-$7.5	-$11.3	-$13.7	-$16.5	**-$63.6**
Component Capital - Interior	-$10.4	-$18.7	-$17.7	-$17.6	-$41.1	-$86.8	**-$192.3**
Component Capital - Parking Garages	-$2.4	-$3.1	-$3.2	-$3.0	-$1.4	-$0.9	-$13.9
Component Capital - Plumbing	-$2.4	-$1.2	-$1.4	-$7.4	-$7.7	-$9.4	-$29.5
Component Capital - Regional Hubs	$0.0	$0.0	-$2.2	-$12.5	$3.3	$0.9	-$10.4
Component Capital - Safety Systems	-$3.1	-$3.3	-$2.2	-$4.4	-$5.0	-$6.5	-$24.6
Component Capital - Waste Management	-$2.0	-$1.9	-$3.3	-$3.4	-$1.0	-$0.1	-$11.6
Subtotal	-$34.7	-$41.8	-$45.0	-$63.9	-$72.6	-$128.3	-$386.1

Several Demand budget envelopes are consistently over budget. The three most significant exceeding envelopes:

- Component Capital – **Interior** – which includes primarily the Demand General Repairs budget, shows a cumulative overage of $192M from 2018-2023, or an average exceedance of $32M/year.
- Component Capital – **HVAC** – which is the Demand budget for managing building HVAC issues, shows a cumulative overage of $64M from 2018-2023, or an average exceedance of $11M/year.
- Component Capital – **Plumbing** shows a cumulative overage of $30M from 2018-2023, or an average exceedance of $5M/year.

The reasons behind the overspends are further explored in the SWOT review, in Section 3.

2.1. Work Order History

According to the BIFAC report “Financial Reconciliation” Demand General Repairs Program”, dated February 13, 2025, total annual work orders are shown below.

Table 3 Total Annual Work Orders

2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
16,836	19,920	33,336	24,744	16,292

The work order history reveals volatile and rising repair demand over recent years, peaking at 33,336 work orders in 2021/22, followed by a sharp drop to 16,292 in 2023/24.

These results were further explored through consultation and interviews.

3. SWOT Review and Results

3.1. Strengths

TCHC manages mature asset data, regular condition assessments, and a structured approach to some operational processes. The FM team brings deep tactical expertise, excels at delivering large-scale projects, and collaborates effectively across functions like procurement. The organization is proud of its capable staff and their ability to respond to both planned and emergent needs with agility. A strong focus on safety, accessibility, and livability guides investment decisions, while leadership remains committed to continual improvement and spending resources in the most impactful ways. A few observed examples of these strengths:

- Building blocks for developing and maintaining a SOGR Plan are in place:
  - Asset data maturity is relatively mature data for municipal facilities
  - Condition assessment process is frequent to keep facility data relatively current (if data is not being carried forward).
  - Enterprise Asset Management (EAM) software Asset Planner in place for managing assets
  - Repeatable template for operational procedures – process map and instructions.
- There is a sense of pride in staff competence and capabilities.
- Funding from the CMHC is a testament to being able to demonstrate the ability to deliver capital work, there is a relatively high degree of repairs and retrofits completed on a large, broad portfolio. There is an agile response to unplanned capital needs, sound awareness of priorities and limitations. In general, there is a sense of political support from the City, Federal & Provincial government, and the Board.
- Focus is on safe, available, accessible, livable units & buildings – this baseline LOS is derived from funding, and striving to integrate energy performance, preventive maintenance, and lifecycle investments where feasible – which are additional LOS and SOGR practices. There are significant efforts to address tenant-driven repairs through the DGR program.
- Staff, leadership and the Board are invested in overcoming challenges and driving better outcomes, such as not only seeing if money has been spent, but where it has been spent and was it spent in the right places to achieve the value for money outcomes.
- The new Standard operating Procedure (SOP) /Process Map Template is a good approach using a consistent template that includes both a process flow map and a corresponding operating procedure. This is helpful to have the process visual that is accompanied by explanation in the SOP.
- The FM team has strong tactical expertise, experience with large-scale projects, and a solid understanding of TCHCs operational needs.
- TCHC has the capacity and resources to spend the capital budget. Many municipalities and organizations may have the capital budgets needed, but are challenged with delivering the capital work – this is not the case with TCHC.
- The FM team has a prioritization process and collaborates well with procurement staff.

3.2. Weaknesses/Challenges

To align with the objectives of this engagement, “Weaknesses” were reframed as “Challenges” and explored in significantly greater depth, as addressing internal challenges was a central focus of the assignment. The Challenges section is organized around four core functional categories: **Governance, Planning, Execution and Reporting**.

For each category, the current maturity level was assessed, and specific sub-elements that influence TCHC’s SOGR planning were identified, using a maturity matrix developed and tailored to TCHC. This approach allowed for a nuanced view of where the organization stands today and where targeted improvements could enhance its overall SOGR planning and delivery capacity.

General results are shown in the table below and discussed further.

Table 4 Maturity of SOGR Planning and Delivery

Category	Sub-Category	**Ad-hoc** (Reactive & Unstructured)	**Developing** (Basic & Emerging)	**Established** (Integrated & Systematic)	**Leading Practice** (Optimized & Strategic)
Governance (Goals, Roles & Rules)	Strategic Objectives & Service Levels		*		
	Structure		*		
	Decision-Making		*		
	Accountability		*		
Planning (Plans, Needs, Costs & Risks)	General		*		
	Asset Inventory & Condition Data			*	
	Prioritization Framework		*		
Execution (Delivery & Actions)	General		*		
Monitoring & Reporting (Tracking, Reporting, & Improvement)	General		*		
	Data Integration		*		
	Performance Metrics		*		

The full matrix with maturity descriptions is provided in the Appendix. It should be noted that it is not realistic for TCHC to achieve ‘Leading Practice’ maturity in all categories. However, the maturity matrix provides a baseline for monitoring current state and for setting goals. It is recommended that the overall levels of maturity across the four categories be somewhat aligned, say all ‘Established’, to allow for synchronicity.

The following sections provide descriptions for the above maturity observations. Additional more detailed notes are available in the Appendix.

3.2.1. Governance

Overall, a disconnect exists between the perceived state of repair and expected outcomes from capital spending, leading to unclear oversight and weakened leadership.

a) SOGR Levels of Service

SOGR planning is constrained by funding and competing priorities, such as energy retrofits and accessibility. The resulting shortfall worsens the backlog and prevents portfolio stabilization. This is not clearly communicated or acknowledged across TCHC and the Board, resulting in unrealistic expectations.

It is acknowledged that FM and Capital Planning Staff align FCI with Energy and Accessibility needs throughout the portfolio. Urgency of work is determined regardless of funding constraints and then is merged with FCI, Accessibility and Energy reduction needs to provide a prioritized list. However, work on the list is inevitably deferred due to budget constraints.

b) Core Definitions

Value for Money (VFM) and SOGR are not consistently defined or understood. Staff and stakeholders interpret them differently, which leads to misaligned planning, spending, and messaging. Definitions include meeting budget targets, aligning with capital plans, or improving FCI, but no shared understanding exists.

c) SOGR Objectives

The commonly cited objective is a 10% FCI by 2027, but this is unrealistic under current funding and backlog conditions. The origin of this goal dates to 2013 and may no longer reflect the portfolio's realities. FCI is not a reliable or sufficient SOGR metric, as it is reactive, inconsistently calculated, and sensitive to inflation and data inputs. It does not measure forward-looking condition or investment effectiveness.

d) Defined Accountabilities

Capital planning SOPs lack clearly assigned individual roles. Responsibilities are generally listed by unit, making accountability unclear. Individual accountabilities for specific outcomes are not defined. Decision-making process and authorities are also unclear.

3.2.2. Planning

SOGR planning includes long-term capital forecasting, prioritization based on condition and risk, and integrating asset data into decision-making. Key planning elements include strategic alignment, lifecycle

costing, risk-based prioritization, up-to-date asset inventory, and a documented capital budget linked to need..

a) Business Planning

TCHC has Budget Notes, a Capital Plan, and the ability to provide input through City's Asset Management Plan on an annual basis. TCHC lacks a comprehensive business plan or internal annual objectives for SOGR or VFM. Although a 10-year plan is submitted to the City with each budget cycle, it lacks clear communication on how that plan is aligned with VFM and SOGR principles, or achieving SOGR goals.

b) SOGR Plan

TCHC does not have a formal SOGR Plan, or its own tailored Asset Management Plan. Due to limited authority and budget constraints, planning staff rely on short-term tactics rather than lifecycle planning.

There is an annual budget process to refresh the 10-yr rolling capital budget and plan, however the capital budget is not developed based on SOGR drivers, past spend trending and patterns, nor does it clearly factor in the lifecycle planning needs of the assets/portfolio.

This has also contributed to a culture of resignation around long-term planning. Common refrains such as "We can't really plan because we don't have budget for future years" or "We're not allowed to plan future projects because funding is only annual" reflect a pervasive belief that forward-looking planning is unrealistic or unwelcome. While funding uncertainty is a legitimate constraint, it has become internalized to the point that meaningful planning is perceived as unachievable. Without a formal SOGR Plan to anchor decisions and articulate a long-term vision, the organization remains stuck in a cycle where the absence of planning reinforces further short-termism.

c) Asset Inventory & Condition Data

BCAs reviewed were current and are refreshed every 5 years. This frequency is considered suitable by the review team, based on municipal experience. BCAs include planning-related capital items in estimated needs, such as studies, which may inflate capital needs if not corrected for in AssetPlanner. It is not clear of the BCA observations are fully renewed in each 5 year update - data may be carried forward from prior assessments. Replacement values provided in the BCAs may be outdated, but these are not used in TCHC's FCI calculation.

d) Preventive Maintenance

Preventive maintenance is budgeted separately and lacks integrated oversight with capital planning.

e) Budget Preparation

Capital planning SOPs describe roles and processes but lack detail on how SOGR needs are prioritized. Definitions of "urgent" or "emergency" work vary across documents. Project prioritization is not

transparent, and regional considerations can override critical needs. Operations and Finance are not consistently involved in planning.

f) Defining Unconstrained Needs

Budgets are set based on available funding, as opposed to actual capital need. The unconstrained SOGR need is not consistently reported, limiting understanding of risks tied to deferred investment. The City of Toronto developed a Capital Prioritization Framework which may require this information to be reported annually.

g) Budget Structure

The capital budget structure is complex and difficult to trace to the project level. Groupings into "Demand" and "Planned" are confusing and include legacy envelopes. Preventive maintenance is separately managed and unaffected by shifts in other SOGR spending.

h) 80:20 Planned to Demand Ratio

As was stated in the original scope of work for this assignment, the 80:20 planned-to-demand spending ratio was not occurring in line with what was originally projected in 2017. Demand work is exceeding its budget, diverting planned funds. The ratio does not include preventive maintenance and may be misinterpreted. Protecting lifecycle investments requires revised budget structures and stronger controls.

The current $1,500 capital threshold is being reconsidered for certain building envelope components, with a potential increase to $5,000. The low threshold often results in small expenses being treated as capital costs, which artificially inflates capital spending. Increasing the threshold would reduce the amount of unplanned expenses charged to capital. However, these unplanned costs remain TCHC expenditures, regardless of whether they are funded through capital or operating budgets.

3.2.3. Execution

Execution focuses on delivering capital work efficiently, maintaining timelines, budgets, and scope. It requires structured processes, clear roles, and resilient systems able to withstand disruption.

a) Documentation of Capital Project Delivery Processes

Many capital delivery processes remain undocumented or are incomplete. TCHC is actively working to develop new SOPs resulting in some improvements, but documents still lack clarity, consistent formats, and clear roles. High-level procedures or an overall SOGR manual are missing. SOPs lack version control and are not consistently aligned with process maps.

b) Priority of Capital Work

TCHC does not have documented criteria for approving adjusted project priorities during delivery. Project changes (e.g., scope, cost overruns) are reviewed through regular meetings and decisions are

recorded, but the rationale and authorities for the decisions are undocumented. For example, the BCQ Agenda from Jan 15 and 22 2025 was provided as a record of the meeting, and includes projects "for VP approval" and projects put on hold, but does not specify the rationale for the decisions, which VP must approve, or if that VP approval was subsequently provided (this could be noted in the excel or in accompanying minutes). SOP-03 Planned Capital Monitoring and Reporting does not provide detail on the review criteria.

According to staff, planned projects have all the documented priorities/adjustments uploaded in Job Cost. However, this was not provided for review.

There were numerous reports that some implementation teams have limited opportunities to provide input in design decisions, resulting in budget and schedule overruns.

c) Demand Spending in Component Capital – Interior Program

Demand General Repairs spending has significantly exceeded budget for several years. Root causes include increased work orders, increased access to work order creation, inherited backlogs, an aging portfolio, and cost inflation. There is confusion over budget approval responsibilities, and spending is not tied to demand budgets. SOPs do not clearly define "urgent" or "emergency" needs. There is a significant challenge in visibility of project-level budgeting and unified financial tracking across FM and Operations.

d) Procurement and Vendor Management

Vendor management is under development in 2025, however it is noted that current vendor performance is not consistently tracked, and procurement processes are fragmented and inconsistent across divisions. Issues include limited vendor options, unclear pricing structures, and lack of accountability for quality. Procurement delays are affecting capital delivery, and contract reconciliation processes are being improved. As the Construction Act in Ontario is changing, using holdbacks to enforce performance may not be a solution that TCHC can use.

e) Software Tools

According to staff across TCHC, the core property management system, Yardi, is underutilized. Project tracking is done manually in Excel, which limits access by all stakeholders, transparency, consistency, and reporting functionality. According to some staff, budgets are manually tracked. It appeared that not all stakeholders were aware of Yardi's full capabilities.

Asset and capital data are managed through disconnected systems (AssetPlanner, Excel, Yardi), where staff must output and input data manually between systems, leading to inefficiency. Spreadsheets are used extensively but are not integrated or standardized, limiting traceability and decision-making support. A more cohesive data management system is needed to improve planning, reporting, and accountability.

f) Collaboration and Communication

Examples of disconnects and breakdown in cross-division collaboration were observed. Key groups (Operations, FM, Finance) work somewhat internally, with limited structured communication or consultation on key SOGR elements. Operations reported not being engaged in project planning and design at key milestones or on important coordination issues, leading to tenant dissatisfaction and inefficiencies that Operations must deal with. Communication of SOGR items is generally informal and lacks consistency. Gaps in trust, transparency and coordination persist across units.

- For example, Finance was not consulted when the Capital Planning unit developed the rolling 10-year capital plan, nor was part of the monthly variance analysis and reporting.
- It was observed that Operations is not meaningfully involved early enough or throughout capital project design and scoping, leading to misaligned priorities, impractical designs, and missed opportunities to address root issues. Their insights are often overlooked, resulting in projects that are harder to maintain, costlier to execute, and less responsive to tenant needs.

3.2.4. Reporting

Reporting supports transparency, performance evaluation, and continuous improvement. Effective reporting should integrate financial, asset, and operational data, and provide metrics to track condition, investment outcomes, and service impacts.

a) Budget Tracking and Reporting

Some TCHC staff reported that it is challenging to promptly access project (rather than envelope) or vendor status related to budgets, especially in a consumable format (such as a dashboard or summary of key information for stakeholders). Although project status details are being tracked, the communicated report is an export, and includes all of the project raw data, which may not be consumable for stakeholders outside of FM (such as Operations, Finance, ELT). It appeared that not all stakeholders were aware of project tracking in practice within FM.

b) Performance Indicators

FCI is heavily relied on as a performance indicator, but it has significant limitations and is not supported by other metrics. Backlog, unit-level maintenance costs, and tenant service outcomes are not consistently reported. A standardized set of leading and lagging indicators and a centralized data source are needed to inform decisions and assess SOGR performance.

c) Data Integration

Asset and capital data are spread across disconnected systems (AssetPlanner, Excel, Yardi), leading to duplication, inconsistency, and inefficiency. Spreadsheets are used extensively but are not integrated or standardized, limiting traceability and decision-making support. A more cohesive data management system is needed to improve planning, reporting, and accountability.

3.3. Opportunities

Several key external opportunities related to SOGR planning at TCHC were identified.

Federal and Provincial Funding Programs: TCHC has already accessed significant funding, and new housing or infrastructure programs may continue to support renewal. There may be an opportunity to align SOGR planning with funding requirements to maximize eligibility and unlock more funds.

Collaboration with City Facilities (CREM) Other Non-Profit Housing Providers: There may be an opportunity to enhance regular communication with City of Toronto Corporate Real Estate Management (CREM) and other providers (e.g. Ottawa Housing, BC Housing) by sharing various processes such as budgeting, prioritization methodologies, software; comparing targets; and performing benchmarking. Targets can include climate change targets (such as greenhouse gas reduction and energy conservation/reduction in consumption) that have been established by the organization or the province, current FCI, FCI targets, and cost per unit for investment and re-development.

Partnerships with Non-Profits, Co-ops, or Private Sector: There may be opportunities to further explore / leverage partnerships for co-investment or asset transfer where feasible. This could ease the pressure on TCHC by offloading high-need properties or co-developing new ones. (E.g. The Atmospheric Fund for 840 Eglington Ave West).

Increased Public and Political Support for Affordable Housing: Housing is a top-of-mind issue across levels of government. This could help build public buy-in and support for long-term capital commitments or policy reforms that support sustainable repair planning.

Tenant Engagement and Community Empowerment: Tenants have strong voices and local knowledge. Co-developing repair priorities and timelines can lead to more meaningful buy-in and efficient scheduling.

Modernization of Asset Management Practices: New tools and technology can improve forecasting and capital planning. Digital improvements such as unlocking additional beneficial Ameresco AssetPlanner or Yardi capabilities, digital inspections, or GIS integration could improve data quality and prioritization. There are also opportunities to further align with City asset management, especially corporate real estate division.

3.4. Threats

Key threats related to SOGR planning at TCHC were also identified.

Volatility and Uncertainty in Senior Government Funding: While TCHC relies on federal and City funding envelopes, these programs are time-limited, application-based, or subject to shifting political priorities. This disrupts long-term repair planning if funding ends, is delayed, or shifts focus. Political changes can reset focus toward new builds over repairs, or create pressure for privatization, redevelopment, or policy realignment. This may deprioritize SOGR funding or alter the rules TCHC operates under.

Escalating Construction Costs and Market Inflation[i]: The cost of materials, labour, and construction services continues to rise due to global supply chain issues and local demand pressures. These issues shrink purchasing power of capital budgets and create uncertainty in project delivery, especially related to contractors serving a vulnerable community.

Skilled Labour Shortages in the Construction Industry[ii]: Ontario's construction workforce is aging, and tradespeople are in high demand across public and private sectors. This can make it harder for TCHC to attract reliable contractors, leading to delays or higher bids. This was also communicated pertaining to the declining capability of on-site staff to do small repairs, based on changing skillsets of available recruited candidates.

Competition for Capital Resources within the City of Toronto: TCHC is one of many City agencies vying for capital dollars — others include TTC, Parks, Transportation, Water, and more. Limited city-wide budget capacity may constrain TCHC's ability to secure operating and capital funds or priority.

Changing Legislative Requirements: New building codes, accessibility mandates, energy standards, or fire/life safety rules can suddenly increase scope or cost of planned work. This can make previously approved capital plans outdated or non-compliant.

Climate Change and Extreme Weather Events: More frequent or intense freeze-thaw cycles, heat waves, wind, and storm events damage aging buildings and infrastructure. This increases reactive repair needs and threatens to overwhelm long-term planning.

Uncoordinated City Planning and Infrastructure Projects[iii]: Road work, utility upgrades, neighbourhood redevelopments (e.g., TOcore, SmartTrack) or Provincial projects (i.e. Ontario Line, etc.) can conflict with TCHC repair timelines or site access. External projects may cause delays or require rescheduling of work, increasing cost and complexity.

Increased Demand for Affordable Housing and Infill Development Pressure: The reported City-wide housing crisis creates pressure to add new units or redevelop existing ones. This threatens to shift focus from maintaining the current portfolio in a good state of repair.

Rising Insurance Costs and Risk Aversion in the Industry: Insurers and contractors are becoming more risk-averse, especially with aging buildings and high-need tenants. This makes securing coverage or contractors more difficult and expensive for large-scale repairs.

4. Root Causes

At its core, TCHC's challenges in SOGR are driven by a system where funding availability, not asset need, dictates priorities. In the absence of a unifying and documented SOGR strategy, clear accountability, and integrated planning tools, this has left TCHC divisions to operate in silos related to SOGR, and capital efforts disconnected from long-term outcomes. TCHC's challenges in achieving and communicating a consistent SOGR planning and execution model can be traced to five interrelated root causes:

Needs-Based Capital Planning: TCHC's capital planning is fundamentally constrained by available funding, rather than being built around defined SOGR goals or asset condition needs. This has led to a form of "constrained SOGR planning" where capital budget priorities placed within fiscal ceilings and external funding requirements (e.g., energy efficiency, accessibility, keeping units open), rather than keeping a focus on SOGR needs, shortfalls, and lifecycle or condition-based evidence. As a result, the backlog continues to grow, and asset condition is not stabilizing.

Formal, Organization-Wide SOGR Plan: There is no documented, overarching SOGR plan or strategy that defines levels of service, lifecycle approaches, prioritization principles, or long-term objectives. Without a unifying framework, various groups operate in silos, and capital decisions are made without alignment to a shared vision. This absence contributes to unclear expectations, internally and externally, about what capital investments are intended to achieve.

Role Clarity and Accountability Structures: SOGR-related responsibilities are distributed across units, but without clear role-based accountability from frontline to executive levels. SOPs list units, not roles, business planning does not cascade measurable SOGR objectives to individual leaders, and there is no regular performance review structure that links SOGR delivery to leadership accountability. This gap impairs oversight, weakens internal controls, and limits performance management.

Fragmented Data and Decision-Making Tools: TCHC has a wealth of asset data, but key datasets and reports are dispersed across multiple systems and documents, many of which do not interoperate. This creates some confusion, inefficiencies, and difficulties in producing consistent, meaningful, up-to-date reporting. The lack of integrated tools hinders both planning and performance evaluation and contributes to the disconnect between spending and demonstrated outcomes.

Cultural and Structural Factors in Collaboration: Recognizing efforts to change are underway, a somewhat siloed operating culture, inconsistent communication across divisions, and historic personnel issues have contributed to fragmented efforts in delivering on SOGR. While some improvements have been made in areas like procurement and documentation, they are not yet widely communicated or embedded across the organization. Divisions lack shared goals, and initiatives often move forward in isolation without leveraging cross-functional expertise or feedback.

5. Recommendations

Drawing on observed gaps and identified root causes, the following recommendations aim to improve TCHC's ability to plan, manage, and deliver capital investments that maintain the SOGR of its portfolio. These recommendations address strategic clarity, operational effectiveness, data integration, and organizational accountability. The recommendations are grouped into five categories:

- **SOGR Strategy & Oversight -** Providing the corporate strategic direction of the organization.
- **SOGR Investment Planning** - Providing a transparent, repeatable, evidence-based justification for asset investment.
- **Effective Project Delivery** - Defining a standardized asset intervention and delivery process.
- **Data to Drive Performance** - Providing a framework for continual data quality improvement and consistent, meaningful reporting.
- **People & Culture** - Enhancing the organizational effectiveness thought structure and intentional communications.

5.1. SOGR Strategy and Oversight

5.1.1. Develop and Approve a Formal SOGR Plan

TCHC should develop a comprehensive, Board-approved SOGR Plan that defines long-term (10 to 15 years) objectives, levels of service, lifecycle strategies, risk tolerance, prioritization principles, and measurable outcomes.

- The plan should be calibrated to the achievable goals based on currently available funding, but should also include reference to potential full funding (unconstrained) outcomes and backlog.
- This plan should unify the organization around a common SOGR vision and be used as the foundational reference for capital budgeting, planning, and reporting. It should also be aligned with the City AMP and funding frameworks.
- The plan should be simple, easy to read and understand the overall program that demonstrates the TCHC is doing the right work.

Funding constraints are expected to persist for the foreseeable future. Even if full funding were suddenly available to address the current SOGR backlog, the existing delivery and procurement capacity would limit the ability to execute all required work in the near term. In the interim, it is important that the TCHC establish a clear and transparent plan that communicates the true current state of the portfolio and outlines a practical path forward.

- This includes continuing to plan and prioritize renewal activities based on a realistic, adjusted capital budget, and delivering that program effectively.
- At the same time, it will be necessary to remain responsive to demand needs and funding requirements, while strategically aligning these initiatives with the broader SOGR objectives wherever feasible, assigning / prioritizing work accordingly and recognizing their contribution to asset condition improvements.

- Given the age of the housing portfolio and the historical underinvestment in capital renewal, the volume of demand-driven needs may continue to trend upward. As such, it is important to reframe how capital needs are communicated, highlighting the fact that many demand projects can and do support long-term building condition improvements when integrated within a strategic renewal framework.

Education and training in the new SOGR Plan, what it is and isn't, how it will be followed, updated, embedded into planning processes, and communicated, is important for fundamental understanding by all, especially with support and buy-in from senior level leaders.

a) Establish a Clear SOGR Accountability Framework

Create an accountability structure that connects Board-level oversight with divisional and individual responsibilities for SOGR delivery. This framework should use RACI matrices and embed role-specific responsibilities in SOPs and job descriptions. Escalation paths, performance expectations, and reporting responsibilities should be clearly defined.

Current SOGR accountabilities are vague or not consistently defined, and both FM and Operations "play in the same space" and draw from the same budget related to repairs, maintenance and rehabilitation. It is noted that FM used to report to Operations, which enabled having accountability for maintenance and rehabilitation under one executive. This may be revisited or consider assigning FM responsible and accountable for all building infrastructure work, including routine maintenance, minor repairs and larger rehabilitation and renewals. Operations could report through FM, or be responsible for operations only, rather than repairs. As shown in the figures in Section 1.2.1, clear accountability would be beneficial with one person/one function to manage the progression of an asset along the life cycle.

Particularly in response to senior level consultation, the framework could help lead to:

- More consistent funding with less sense of urgency "to spend the money we have, or we will lose it".
- A defensible strategy about how decisions are made, since the collective/joined group would have a better understanding of the state of buildings, and priorities for the year (an important frame of reference from operations).
- More transparency
- More alignment of teams where they are needed, centered around single sources of fact, truth, and data.

b) Create Annual SOGR Objectives and KPIs

Establish clear, measurable SOGR-related objectives annually for TCHC, each division, and even specific to units.

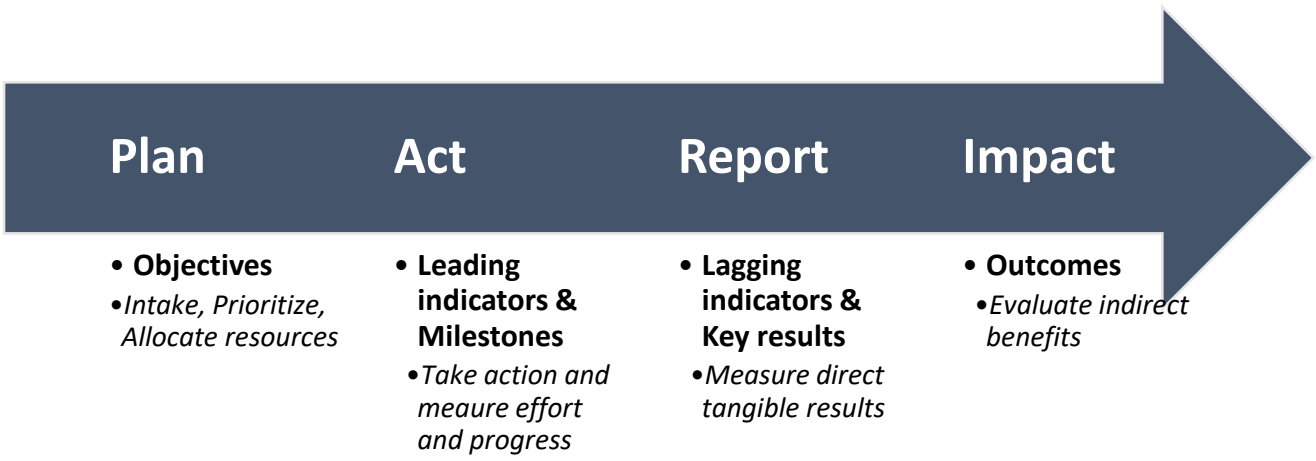
- Objectives are desired outcomes or goals the TCHC is seeking, that answer *"What are we trying to accomplish?*". Objectives should be broad, strategic, and results oriented. Examples include "Reduce the SOGR backlog by 5% over the next 5 years" or "Improve tenant satisfaction rating on building repairs from C to C+".

- KPIs are quantifiable metrics that measure progress towards the objectives, that answer *"How do we know we are achieving the objectives?".* Examples include "% reduction in backlog" or "% of capital projects completed on time and budget".

Align objectives and KPIs with business plans and performance evaluations, enabling leadership and staff to understand their role in achieving portfolio targets.

Focus on setting achievable objectives, acknowledging the SOGR Planning is currently risk-based service continuity planning, rather than preventive and lifecycle-based planning. The focus should be on stabilizing, rather than striving to improve, FCI, and prioritizing SOGR investments on essential, critical assets based on risk and lifecycle considerations.

The plan should also include reporting mechanisms for objectives and key results for both leading and lagging indicators, to embed accountability. For example, a defined process like the one outlined below:



c) Define Lifecycle Strategies

As part of the SOGR Plan, in line with asset management practices, define the realistic overall lifecycle strategies that will be applied to achieve the SOGR goals, or more comprehensively, to achieve the overall TCHC goals. These won't necessarily be leading practice/preventive strategies in the beginning, while portfolio is in poorer shape and spending is constrained.

It should be noted that many strategies are already inherently in place at TCHC, but these are not defined or documented.

Example strategies:

- Invest in life safety, common areas, high criticality assets, or assets affecting the most number of units first.
- Strive to plan investment spending for large assets, to enable bundling and more competitive pricing.

d) Define Roles and Responsibilities

Within the SOGR Plan, and in alignment with documented procedures and SOPs, maintain and reinforce clearly defined roles within the SOGR processes to ensure accountability, effective communication, and timely execution. Examples of these high-level responsibilities might be roles that:

- Sponsor and provide strategic direction and approve the business case;
- Coordinate integrated schedules and ensure alignment between functional leads and delivery teams;
- Manage functional scope, schedules, and resourcing, escalating issues as needed; or
- Focus on technical execution, providing the specialized expertise needed to support delivery success.

Specifically, ensure executive oversight for major initiatives and all capital SOGR work, which includes processes for prompt resolution of overlaps, conflicts, and overages across divisions. That is, remove roadblocks.

An example of oversight definitions are provided below, which can form part of the SOGR Plan.

Owner:
Executive Sponsor

Facilitator:
Project or Program Manager

Participants:

- Executive Sponsor
  Business Owner
  Ops Sponsor
  Project Manager
- Plus, Functional Leads that have 2 or more resources assigned to the Program

Frequency:
Monthly

Inputs:

- Program and project charter,
- Business cases,
- Project plans and schedules,
- Requirements etc.

Outputs:

- Resource plans to support Project or Program Road Maps
- Project status
- Escalated risks & issues
- Change requests
- Project decisions on scope, budget and timing
- Project decisions on passing review or project milestones

e) Policy

There is no overarching SOGR policy or formal Board-adopted policy articulating the commitment to lifecycle-based SOGR planning, investment principles, or value for money expectations. A governing policy-level directive is not required, however TCHC may consider developing and adopting a corporate SOGR policy to strengthen the messaging around SOGR. The policy sets the tone for the formal SOGR Plan and provides high-level direction to SOPs, KPIs, and decision-making processes.

f) Value For Money Framework

Multiple stakeholders referred to VFM inconsistently, some see it as budget adherence, others as tenant satisfaction or root-cause resolution. Develop a shared VFM framework that includes financial metrics (e.g., cost per unit), asset performance (e.g., FCI or preventive maintenance completion), and user-focused outcomes (e.g., tenant satisfaction). Integrate this framework into project planning and Board reporting to make decisions more transparent and outcome-based. This approach clarifies expectations and reduces conflict around priorities.

5.1.2. Institute Monthly Business Reviews

Implement structured monthly review meetings between the CEO and divisional leaders focused on capital delivery and SOGR outcomes. SOGR objectives are set for each division, and ELT reports on each division's progress against objectives. These meetings should use standardized reports and dashboards to track KPIs, progress on initiatives, blockers, and corrective actions. This builds executive visibility and accountability and enables the CEO to liaise with the Board in a more informed manner on SOGR actions and status.

5.1.3. Revisit the FCI Target and Rationale

Reassess the 10% FCI target to determine whether it is still appropriate and achievable in today's funding and economic environment. This should build from the communication to the Board in Dec 2024, reporting that the 10% target will not be achieved by 2027. Consider additional indicators that collectively better reflect SOGR and provide rationale that can be communicated to the Board, funders, staff, and the public.

5.2. SOGR Investment Planning

5.2.1. Define and Communicate Unconstrained SOGR Needs

Annually quantify and publish the capital required to maintain the entire portfolio in a SOGR (unconstrained needs), and the capital required to keep the portfolio at its current state (not allowing overall average condition, or backlog, to worsen). Both should be regularly defined even if the amounts exceed the budget.

The criteria for what constitute being "in a state of good repair" should be clearly defined for this calculation to be comparable and repeatable. For example, TCHC buildings in a SOGR may be defined as "Buildings with FCI<10%, and no critical building components requiring immediate investment."

Where possible, TCHC should regularly communicate and collaborate with the City of Toronto's Corporate Real Estate division. Together TCHC and CREM can consistently define a SOGR definition that aligns with the community.

Use these "unconstrained needs" to clearly and regularly show the gap between funding and need, help prioritize investments, and articulate risks of underfunding. A risk framework may also be more

formalized to consistently articulate current and future conditions. This way, TCHC is able to regularly and consistently articulate what should be done and just what is being done with the current funding.

5.2.2. Implement Priority Ranking Framework

It was evident in the discussions that staff rely on a clear hierarchy of risks to make prioritization decisions, but these criteria, or the applied rationale for each decision, are not documented. Develop formal criteria and processes for annual and in-year prioritization of capital projects. Document decision making in alignment to framework. Use the framework to support the investment approval processes. This initiative is underway at TCHC.

Building from the City's prioritization framework developed in 2025, TCHC should develop and formalize a prioritization model that categorizes capital budget SOGR (and other) projects based on known, discussed, validated then defined criteria. A prioritization process is applied:

- Annually for shortlisting backlogged building needs into the capital budget, and
- Continually in-year to re-shuffle Planned work, due to Demand budget overages.

Although prioritization happens continually at TCHC, the criteria for decisions are not formally documented. Therefore, criteria should be collaboratively defined based on existing undocumented processes. Criteria should also be based on lifecycle strategies from Section 6.1.3. Contradictions or competing capital priorities, such as the "Tenant First" mandate, become more evident and can be openly discussed and decisions documented.

The criteria framework might be qualitative or quantitative, such as calculating a total priority score:

$$\text{Score} = (C \times WC) + (F \times WF) + (H \times WH) + (S \times WS) + (V \times WV) + (D \times WD)$$

Where:

Code	Factor	Definition	Score Range	Suggested Weight (W)
C	Condition Rating	Based on BCA condition	1–5	15%
F	Failure Likelihood	Based on age vs. expected life, urgency, historical issues	1–5	20%
H	Habitability Impact	Risk of unit closure, water damage, mould, heating loss	0–5	25%
S	Safety Risk	Fire safety, structural, electrical risk	0–5	20%
V	Vulnerability Index	% tenants with accessibility needs, low income, seniors	0–5	10%
D	Delivery Readiness	Scoped, designed, costed, shovel-ready	0–5	10%

TCHC could use its tools to rank all projects by its priority score, set thresholds (e.g. >70 = Budget Year priority, or all the highest scored projects that fit within the budget constraint). The process should still

allow manual review for edge cases (e.g., political or strategic projects), and to add accessibility and energy driven projects. TCHC can use dashboards to visualize priority distribution and geographic balance.

Similarly, criteria for reprioritizing in-year SOGR projects might include considerations in the following table.

Table 5 Example Priority Criteria for In-Year Reprioritization

Consideration	Examples
Readiness to Proceed	- Procurement/design complete? - Permits secured? - Contract in place or tender-ready?
Urgency/Risk Escalation	- Recent failure or inspection triggered re-prioritization - New safety/code risk emerged
Interdependencies	- Required for coordination with other capital projects (e.g., bundled roof + HVAC) - Must be completed before another cascading project
Funding Timelines	- Time-sensitive or earmarked funding that must be used this year - Ability to meet spend deadlines
Scalability	- Can be phased or resized to match available budget - Availability of alternate scope (e.g., defer envelope, do boiler now)
Internal Capacity	- Availability of project managers, contractors, materials

AssetPlanner may offer prioritization capabilities that use the existing TCHC asset data, but some data attribute edits may be required (e.g. adding prioritization criteria described above). If TCHC has some of the required Ameresco AssetPlanner modules, there are workarounds to build the prioritization matrix internally without needing all the missing modules. However, the feasibility of keeping everything within AssetPlanner depends on how flexible the existing modules are. TCHC may be able to repurpose existing modules to create a functional prioritization matrix.

Define all criteria in the new Prioritization Framework, especially for priorities based decisions around "emergency" or "urgent" conditions, and ensure these are consistently applied in triage, dispatch, and planning.

5.2.3. Present SOGR Budgets in New Format

Refresh presentation of SOGR budgets, plans and forecasts in four key categories, to align with a more asset management–informed framework:

- Preventive lifecycle renewal investments – Critical/non-critical building components, planned/reactive (excludes in-unit assets)
- Minor maintenance – Planned/reactive (excludes in-unit assets)
- In-Unit Renewal and Maintenance – Planned/reactive
- Service-level enhancements – Allocated partially to renewal when applicable. This may include Energy + green (legacy category) + accessibility (may require a financial system change)

Map budget envelopes into the SOGR formatting for consistency and clarity.

Create a budget 'key' to align budget categories with this budget strategy, that is included in future SOPs or procedures. Currently, mapping includes:

- **Demand** = Reactive Budget = Local Capital + Component Capital + Demand Capital categories.
- **Planned** = Stabilizing Budget = Preventive Maintenance Capital + Planned Capital + Capital Operations + Capital Other categories. Also, State of Good Repair (this is a legacy category).

Consider renaming to '**Stabilizing**' budget, to show that all of the spending in this budget is focused on stabilizing the asset portfolio.

- This capital budget should include the preventive maintenance capital budget, as it is a fundamental part of SOGR planning, and should be messaged that way.
- Clearly define what Stabilizing/SOGR goals will be achieved with this budget each year.

Set and segregate the Demand budget based on historic and realistic actual spends, in consultation with Operations and FM. Consider renaming to '**Reactive**' budget, to keep accountability that all of the spending in this budget is 'reacting' to issues. Clearly define what goals will be achieved with this budget each year.

Define and segregate a '**New LOS**' budget, to differentiate investments related to new levels of service, such as accessibility or energy reductions. This category aligns with AM practices. Clearly define what '**New LOS**' goals will be achieved with this budget each year.

5.2.4. Enforce Spending Controls and Gaps

Segment and safeguard funding for high-priority, long-term SOGR investments to prevent diversion to demand/emergency work. Introduce financial controls and reserve structures to absorb demand spikes without sacrificing planned lifecycle work.

- Segregate planned, reactive, and service-enhancement budgets and safeguard lifecycle investments through stricter spending controls.
- Adopt budget caps and escalation protocols for demand work once funds are depleted.
- Utilize the Annual Unit Inspection data to plan, prioritize and triage the in-suite repairs/retrofit/replacement.
- Review and enhance the approval process for Supervisors and site staff, to reduce the amount of reactive work orders .
- Define who can approve what types of reactive work and under what conditions, to address the gap in understanding of FM approval of DGR work orders.
- Defer all non-urgent demand items to future budgets through clearer definition of eligible work and the prioritization process.

a) Segregate Budgets

Establish separate and disconnected capital budgets for:

- Preventive or Planned Lifecycle SOGR Work (based on condition assessments, forecasts, multi-year plans)
- Reactive/Demand Work (unplanned/emergency projects)

This creates visibility and accountability over how much is being invested in sustaining assets vs. reacting to issues.

Clearly define and segregate the budget to be used for planned, SOGR work.

b) Cap Demand/DGR Spending when Budget is Exhausted

Similar organizations like Ottawa Community Housing have adopted a hard cap approach: once the Demand budget is spent, no further Demand capital work is undertaken that year, even if it's early in the calendar. Update SOPs to clearly define urgency levels and required response times for capital needs. These criteria should guide triage, prioritization, and escalation decisions and reduce subjectivity in capital approvals.

Enforce a Hard Budget Cap on Demand Capital Work

Set a firm annual budget for unplanned/emergency capital work. Once that allocation is used, stop further demand-side spending unless exceptional approval is granted through a defined escalation process (such as in-unit life safety, legal liability).

Shift Low-Risk Demand Items into Next Year's Plan

Enhance definitions in the triage process to defer low-urgency reactive work, such as non-critical parking lot cracks, minor flooring issues, into the next year's capital plan. Aligning with examples in TCHC's *Business Hours Emergency Matrix for Semi-Skilled Work Orders* (undated) may assist.

c) Clarify Approval Authority for Demand Capital

Define who has financial and operational authority to approve demand capital work, specifically Demand General Repairs, and what budgetary checks are required by whom. Align work order approvals with financial controls, and ensure accountability is documented in systems and SOPs.

Establish procedures to control decision-making about scope, for example where to stop renovations, how to contain the issue so that the repair meets the tenant or safety need, but the larger 'want' or renovation may have to be deferred. Work in collaboration with FM Design & Engineering team to plan for these in-suite renovations or retrofit. Considering pressures such as spending more money 'because you're already there' vs. stopping work and coming back later should be built into the guidance procedures.

d) Increase Capitalization Threshold

Follow through with increasing the capitalization threshold, and continue to review the effectiveness of this change periodically.

5.2.5. Establish a Demand Contingency Reserve

If it complies with corporation, City, and legislative requirements, set aside an annual contingency reserve specifically for high-likelihood Demand issues. In municipal budgeting, it is common to establish reserves to absorb fluctuations in reactive or changing expenditures. This allows TCHC to absorb in-year demand shocks without raiding the planned capital program. Monitor drawdowns from the reserve and adjust annually based on historical patterns. A Demand Spending Reserve would provide a controlled mechanism to fund unplanned but necessary work without eroding planned SOGR investments.

Instead of an immediate large reserve allocation, a phased approach is recommended. The reserve may be built up to be, say, 5-15% of the estimated expenditures. An analysis of historic spending and trends should be completed to further define the realistic Demand budget and contributions to Reserve.

Begin with modest initial contributions that do not disrupt ongoing operations, followed by gradual increases over several years to grow the reserve to a meaningful level. Once the target reserve balance is reached, perhaps ideally equivalent to one year's average demand spending, contributions can stabilize at a sustainable rate to maintain the fund. This approach balances immediate delivery needs with the strategic goal of building financial resilience for unplanned or urgent capital requirements.

While there is no explicit prohibition that could be found online, establishing a dedicated reserve for capital overages is likely to require:

- Alignment with City Policies, where any reserve fund must comply with the City's guidelines on eligible expenditures and reserve fund usage.
- City Approval, since the creation of a new reserve fund would need to be recommended by the City's CFO and approved by the City Council.
- Transparent Reporting, since TCHC would need to ensure transparent reporting and justification for the reserve, demonstrating its necessity and alignment with long-term capital planning objectives.

City of Toronto's Authority Over Capital Reserves

Under the Housing Services Act and City guidelines, the City of Toronto as the Shareholder and the Service Manager, has the authority to determine what expenses can be charged to housing providers' capital reserve funds. It should be noted that City Guideline 2023-9[3] specifies that capital reserve funds must be used only for major repairs, upgrading, or replacement of existing building components, and not for new construction unless pre-approved by the City.

Establishment of Reserves and Reserve Funds

According to the Toronto Municipal Code Chapter 227[4], the City Council, on the recommendation of the Chief Financial Officer and Treasurer, may establish reserves or reserve funds for specific purposes. This

[3] https://www.toronto.ca/wp-content/uploads/2023/12/953e-City-Guideline-2023-9-Eligible-Capital-Reserve-Expenditures.pdf
[4] https://www.toronto.ca/legdocs/municode/1184_227.pdf

includes discretionary reserve funds which are created at the discretion of Council to finance future expenditures for designated purposes.

Use of Reserves for Capital Expenditures

The City's Capital Budget Policies[5] indicate that reserves and reserve funds are utilized to finance both operating and capital expenditures. The use and funding sources of these reserves are determined by the City's CFO, in consultation with beneficiary programs.

e) Reserve Governance

Establish and define eligible uses, a withdrawal process, and annual review/replenishment of the reserve. The reserve can be strictly used for unplanned, critical demand work that meets clear criteria, say:

- Health & Safety Risks (e.g., clearly defined emergency repairs, critical systems failure)
- Preventing Escalating Costs (e.g., fixing minor leaks before they cause major damage)
- Legislative Compliance (e.g., code violations that require immediate action)
- Demand work should go through a documented prioritization review before using reserves. Withdrawals should be approved at a senior level to prevent unnecessary use.
- The reserve should be assessed annually as part of capital budget planning.
- If the balance falls below the target level, a higher contribution is triggered the following year to rebuild it.

It should be noted that the City has issued guidelines, such as City Guideline 2023-9[6], which outline the rules for allocating expenses to a housing provider's capital reserve or operating fund. These guidelines help determine what expenses can be charged to capital reserve funds.

5.2.6. Incorporate Lifecycle Costing into Capital Budgeting

Build lifecycle cost analysis into the capital prioritization process. Evaluate not just upfront construction or acquisition costs, but total lifecycle costs and benefits, particularly for projects that prevent deterioration, extend asset life, or reduce long-term operating expenses.

5.2.7. Improve Planning Integration Across Divisions

Ensure Construction, Finance, and Operations staff are engaged early in project planning to ensure constructability, avoid scope gaps, and reduce change orders. Establish feedback loops at strategic process points or calendar milestones.

- To strengthen integration, staff from all key divisions should be involved early in project intake and feasibility discussions, including Capital Delivery and Operations. Constructability reviews, led by Construction staff before detailed design is finalized, can uncover site constraints, staging

[5] https://www.toronto.ca/wp-content/uploads/2018/01/8d35-2014-CAPITAL-BUDGET-POLICIES.pdf
[6] https://www.toronto.ca/wp-content/uploads/2023/12/953e-City-Guideline-2023-9-Eligible-Capital-Reserve-Expenditures.pdf

challenges, and other implementation risks that would otherwise lead to change orders during construction.

- Finance staff should be involved to play a more active role in validating funding assumptions, ensuring stewardship and alignment with financial policies and lifecycle cost considerations, needs-based capital planning, and more robust project level financial tracking, variance reporting and budget risk remediations.
- Operations staff need to be engaged not only during early budget planning but also during detailed design and project initiation. Their insight can help protect a positive tenant experience, reduce costs and operational/tenant impacts, reducing manual workarounds or rework. Including them in design reviews helps identify functionality issues, maintenance concerns, and other practical realities that might otherwise be missed. Similarly, engaging them again before construction starts ensures that final project details, site logistics, and commissioning plans are workable from an operational perspective. Formalize an Early Engagement Protocol that mandates Operations participation during scoping, material selection, and project design stages. Use frontline feedback to evaluate past capital work to refine future scoping, since Operations staff bring essential tenant and building-specific insights that can improve capital outcomes and avoid downstream conflicts.
- To close the loop, post-project reviews should bring together all involved divisions to reflect on lessons learned, document cost and schedule variances, and capture user feedback. Standardized tools—such as shared project dashboards, common risk registers, and templates for project charters—can also help reinforce collaboration and transparency across divisions.

5.3. Effective Project Delivery

5.3.1. Document Core SOGR and Capital Delivery Processes

It is recognized that some work in developing SOPs has already begun, and a few additional recommendations are provided that may ensure new documentation is functional and efficiently prepared.

Documentation should be created with purpose – to describe the SOGR planning elements (this could be in a manual or high-level procedures), and provide further instruction if needed (this could be at an SOP level).

- Develop high level end-to-end descriptions on key SOGR functions, from scoping and prioritization through delivery and closeout. These should include role responsibilities, timelines, required documentation, and integration with other teams. The overall processes should include defined stage gates, inputs and outputs, transparent reporting and accountable decision makers. To provide transparency and executive oversight, each gate recommendation should be included in the weekly FM committee reviews.
- Develop detailed SOPs to provide more instructional details. Expand the use of the existing SOP/Process Map template across all teams, especially those involved in SOGR planning and capital delivery. Establish additional guidance to ensure the SOPs and process maps are servicing an instructional purpose, providing sufficient detail without being overly complex. Capital Planning SOPs should be revised to clearly define their intended audience and scope, whether operational, managerial, or strategic, and be structured accordingly. Section content should be reviewed to ensure alignment with headings and improve the relevance and flow of information.

Roles and responsibilities should reference specific job titles wherever possible to establish clear accountability across both text and process maps. Process maps should be aligned with SOP content, include clearly marked start and end points, use standardized symbols and color legends, and provide supporting detail for decision points to guide users through each process accurately and intuitively.

- Since Preventive Maintenance(PM) is a fundamental part of SOGR planning, documentation efforts should also include comprehensive procedures governing all PM activities. This will provide standardized guidance for staff and support consistent execution across the portfolio.

To improve clarity, usability, and consistency, adopt a standardized document control system that includes unique identifiers, versioning, and/or dates for all SOPs.

5.3.2. Improve Vendor Procurement and Conformance

Procurement documentation and contract reconciliation procedures should be updated and embedded into SOPs to improve efficiency, reduce risk, and enhance transparency. To address these challenges, TCHC should modernize its procurement and vendor management framework to support transparency, competition, and performance. Although improvements are already in motion, without knowing the nature of that work, the following recommendations are suggested.

- Promote networking and collaboration opportunities between vendors and TCHC.
- Implement a standardized procurement framework that includes clear vendor selection protocols, service-level expectations, and standardized unit pricing for typical jobs.
- Ensure multi-vendor coverage within geographic zones to increase competition and flexibility.
- All vendor work should be reconciled to contract terms, and work order-level tracking must be integrated with budget oversight.
- A formal vendor performance review process should be reviewed/established, including metrics for timeliness, quality, and cost control, and consistently rolled out and enforced.
- As procurement rules continue to evolve, staff training and simplified documentation (e.g., procurement cheat sheets or flow charts) will help ensure consistency and compliance across the organization.
- TCHC should implement job-based unit pricing for common DGR tasks, replacing the current Superintendent-driven quantity approach with standardized scope-of-work templates and measurement protocols to reduce variability and pricing risk. For example, as is used in Hamilton, repeat in-unit repairs such as door or sink replacements can be set up with preset pricing, inclusive of materials and labour, with three degrees of complexity, depending on the nature of the deficiency. It was reported that there are standard price rates, though vendors have not always been held accountable if they go beyond these rates, and work is actively being done to address this.
- To avoid delays, procurement planning should be embedded earlier in the project initiation phase, with a procurement lead assigned to key projects as part of the delivery team.

TCHC may consider partnerships with local colleges and trade programs to create pathways into on-site maintenance roles at TCHC.

5.4. Data to Drive SOGR Performance

5.4.1. Create a Centralized SOGR Metrics Framework

Define a core suite of metrics tailored to different audiences. Use these to monitor SOGR performance, support TCHC SOGR planning, and enhance transparency. These may include such metrics as:

SOGR / Asset Health

- Number/Value/Percentage of buildings with FCI < 10% and no critical building components requiring immediate investment
- Percentage / value of buildings in critical condition (e.g. FCI > 40%)
- Average building age compared to expected useful life
- Building Specific Facility Condition Index (FCI)
- Portfolio-wide Facility Condition Index (FCI)

Backlog and Deferred Maintenance

- Total SOGR backlog ($) and year-over-year change
- Backlog per unit
- Percentage of buildings with backlog greater than $X/unit (e.g. $75,000/unit)

Investment Impact & Progress

- Annual capital investment compared to total unconstrained SOGR need (coverage ratio)
- Number of units positively impacted by capital work (annual)
- Net FCI stabilization over time (portfolio trend)

Risk & Looking Ahead

- Percentage of buildings forecasted to enter critical condition within 5 years
- Ratio of planned vs. demand capital expenditures
- Average lead time for high-priority repairs (e.g., roofing, boilers)

Per-Unit or Equity-Based KPIs

- SOGR investment per unit per year (by region or equity lens)
- SOGR need per unit compared to local waitlist demand
- Proportion of SOGR investment allocated to high-vulnerability units/buildings – seniors, mobility-limited tenants, household income)

5.4.2. Integrate and Consolidate Capital Planning Data

Reduce reliance on manual and/or disconnected Excel workbooks and consolidate data into a centralized platform or integrated system. Consider enabling system modules, where available, to improve interoperability between AssetPlanner, Yardi, HoMES, and other tools to enhance data accuracy and reduce duplication.

Review underused capabilities of Yardi or Ameresco for capital forecasting, workflow automation, and scenario modelling.

5.4.3. Track Budgets and Performance at the Project Level

Enable detailed tracking of project-level budgets and outcomes, with a focus on quick lookups tailored to users. Integrate this functionality into systems like Yardi or AssetPlanner, and use it for real-time monitoring, forecasting, and variance analysis.

- In coordination with ITS, explore the option of uploading and linking the approved envelope-level budgets with related jobs in HoMES to ensure potential overruns are early identified and flagged for timely remedial action.
- In coordination with ITS, explore the development of an automated customized report in HoMES for performance analysis of major contracts including project delays, cost overruns, status, etc. for effective tracking and monitoring; and
- In coordination with Finance and ITS, re-align and re-map the work order categories and capitalization criteria in the system to prevent any year-end manual reclassifications to ensure accuracy.

Assign accountable roles to closely monitor and report to key parties on Demand expenditures monthly to forecast potential early depletion of the budget. This is more than the Weekly Category Report, but rather a clear communication of budget challenges. Communicate the limits to operations, site staff, and contractors to manage expectations and encourage more proactive reporting earlier in the year.

5.4.4. Develop a Living Rolling 15-Year SOGR Capital Investment Plan

Ensure the 15-year SOGR capital plan is accessible, regularly updated, and used as a reference in annual planning. Link it to condition data and budget forecasts and ensure all capital-facing staff have access and training to use it. Be sure to integrate preventive maintenance data and planning into the 15-Year SOGR Capital Plan and budget modelling to provide a complete view of asset lifecycle investments.

5.5. Culture, Collaboration & Communication

5.5.1. Strengthen Communication Channels

Create structured communication practices between Capital Planning, Finance, FM, Operations, and ELT, and between Division leaders and the CEO, independent of ELT meetings. Establish objectives as baselines, and recurring touchpoints, reporting dashboards, and shared access to budget and project status information to break down silos.

Advocate for inclusion in City-wide asset management systems and long-range infrastructure planning processes. Create a liaising role and a City Project Coordination Risk Registry to track upcoming city or TTC-led projects that may impact TCHC sites, and build buffers or timing shifts into the capital plan.

City Project Name	Potential Impact to TCHC	Risk Level	Mitigation Action / TCHC Response	Owner	Status
TTC Subway Station Expansion, 345 Queen St. E (Ward 13), Q3 2025–Q4 2027	Street access blocked; noise and dust affecting seniors' building	High	Reschedule envelope work to avoid overlap; pre-empt tenant outreach	Capital Planning	Active (Coord in Progress)
City Watermain Replacement Program, 1120 Weston Rd (Ward 5), Q1 2026–Q2 2026	Excavation could delay boiler replacement and hydro trenching	Medium	Shift boiler install to Q3 2026; confirm site access plan	FM / Delivery	Monitoring
Sidewalk Snow Management Pilot, Broad, Annual – winter only area incl. 8 TCHC sites	No direct construction, but complicates site snow logistics	Low	Notify FM for snow planning coordination	Operations / FM	Flagged
New Affordable Housing Build (City), Adjacent to 111 Jarvis St, Q2 2025–Q4 2026	Shared utilities trenching; crane staging could block site entrance	High	Confirm phasing with City Housing; stagger SOGR staging plans	Asset Planning	Coordination Required
BIA Streetscape Revitalization, 101 Parliament & Front St, Q4 2025–Q2 2026	Construction noise near seniors' complex; delay to accessibility ramp	Medium	Phase accessibility work after BIA completion	Project Delivery	In Planning

Initiate a formal knowledge-sharing forum or working group with CREM, Ottawa Housing, BC Housing, or others to benchmark data practices, software tools (e.g., Yardi, Ameresco), prioritization methods, and targets. This could also be a forum to discuss future funding business cases.

Tenant dissatisfaction and challenges with communications about repairs, timing, and scope were mentioned, especially due to poor coordination and reactive work. Develop a tenant communication and engagement protocol for SOGR work, with clear responsibilities, notification standards, and integration with project delivery. This will also help bridge communication challenges between FM and Operations.

5.5.2. Foster a Collaborative, Risk-Aware Planning Culture

Encourage teams to share challenges, work cross-functionally, and adopt a learning mindset. Promote constructive risk discussions, align incentives, and build a culture where divisions work together toward common SOGR goals. Building on TCHC's existing strength of delivering capital successfully year over

year, establish a “Center of Excellence” to document, share, and mentor others on project delivery success factors, especially for large-scale and reactive work.

5.5.3. Pilot a SOGR Success Card

Piloting a SOGR Success Card supports a well-established management communication principle known as "feeding the bear." This concept, introduced in management literature such as Dr. Kenneth P. Woodcock’s *"Please Feed the Bear,"* emphasizes the importance of regularly and proactively providing supervisors and executives with meaningful updates. Doing so helps prevent reactive information demands, reduces the risk of micromanagement, and fosters trust.

By testing out a simple, infographic-based Success Card that highlights good news and progress within one budget envelope or region, TCHC can try out the success of offering a low-effort, high-impact communication tool. This aligns with best practices such as the AESOP model (Accomplishments, Exceptions/ Surprises/ Opportunities, and Plans) and creates a valuable “early win” for transparency while laying the groundwork for future KPI reporting.

The card should include a tenant/experience focus, rather than only technical SOGR jargon, and include visuals like photos, icons, and clean layout, a tone that is trust-building, affirming, informative — not just technical, and be designed for the right audience – to use for CEO briefings, Council updates, community meetings, or even simplified for tenant bulletin boards.

Sample content may include:

Region: East Portfolio SOGR Success Card| Q2 2025

Building Comfort & Safety

- **Heating stabilized** at 3 sites (new boilers, insulation fixes)
- **138 units** directly improved this quarter through SOGR upgrades
- **2 building entrances made accessible** with ramps and doors

Communication & Trust

- **Tenant repair notice**s delivered 98% on time
- **Zero no-notice disruptions** (water/electricity) during capital work
- **Tenant liaisons** assigned to 5 high-impact projects

Response to Complaints

- **Recurring leaks** at 22 Main St. resolved permanently (roof + drainage)
- **Noise complaints** cut by 60% at 45 Hilltop after new work hours plan

What Didn’t Go As Planned

- **Elevator part delay** at 84 Eastern — extended downtime by 2 weeks
- **4 units vacated longer than expected** due to asbestos remediation

What We Learned / Can Build On

- **One-on-one check-ins** at 123 East Ave. reduced tenant complaints by 40%
- **Opportunity:** Co-design tenant signage with site reps for 2026 rollout

Coming in Q3

- **Complete** 10 more projects — including heating and window upgrades
- **Begin** Year 2 of Accessibility Upgrades — 6 more buildings planned
- **Introduce** new "What's Happening in My Building" board pilot in lobbies

Tenant Engagement Moves

- **Roll out** short tenant satisfaction cards after each SOGR project
- **Build tenant rep feedback** into Q4 capital planning sessions

Key Metrics – Tenant Lens

- Add KPIs

Real Voices

"For the first time in years, we had a warm winter."
— Tenant, 22 Main St.
"It helped just knowing when the work was coming — I felt respected."
— Tenant, 123 East Ave.

6. Implementation

A phased implementation plan is provided, where the recommendations have been phased to begin in the short-term (1-3 years), medium-term (4-10 years), and long-term (>10 years).

It is recognized that not all of the work can be carried out at once, and there is a strategy to sequencing the solutions to yield the most benefit while establishing early successes. Each recommendation was assigned a 'type', and the implementation plan was built based on the following:

- **Foundational Initiatives:** Foundational recommendations with big benefits but can be challenging to implement, must be carefully planned, and are essential for long-term stability and success, which should be started early. These should stabilize governance and planning foundations first to prevent further erosion of asset condition.
- **Leverage Initiatives:** Value for money recommendations that offer value and benefits with lower effort – tend to be small, well-placed changes that support the bigger structure and maximize returns.
- **Momentum Builders: T**hese are recommendations that are 'easy wins' – lower benefits but also lower effort, that can be strategically completed sooner to get some early success and buy-in. These are generally small, simple moves that help keep momentum and create a sense of progress.
- **Resource-Intensive Refinements:** These are recommendations with lower benefits that can be challenging to implement. They are effort-intensive refinements that may look nice but don't necessarily add as much value but can be nice-to-haves if implemented.

Some of the actions may already have been initiated by TCHC.

6.1. Implementation Plan

No.	Recommendation	Phase	Special Notes
Initiate in the Short-Term: 1-3 Years			
5.1.1	SOGR Plan	Short	Critical first step. Forms the foundation for nearly all other recommendations. Must be approved and understood before KPIs, prioritization, and budgeting systems can be trusted or scaled.
5.4.4	10-Year SOGR Plan		Should be nested within the formal SOGR Plan. Requires clear prioritization logic (5.2.2) and aligned metrics (5.4.1). Must be living and regularly updated.
5.1.3	FCI Target	Short	Tied to metrics framework and strategic comms; revisit target after SOGR Plan clarifies purpose. Needed to reframe funding narratives and manage external expectations.
5.2.2	Priority Framework	Short	Enables project selection for both short- and long-term capital plans. Pre-condition for budget planning (5.2.3) and automated tools.
5.2.3 5.2.4 5.2.5	New SOGR Budget Format Spending Controls Reserves	Short	These are interdependent: revised structure is most effective if demand is capped, and excess is diverted through the reserve. Supports long-term stabilization goals.
5.4.1 5.2.1	SOGR Metrics Unconstrained SOGR Needs	Short	Must align with SOGR Plan and FCI rationale. Enables business review processes and annual KPIs (5.1.2, 5.1.3). Key dependency: Needed for funding asks, risk analysis, and public comms. Pairs with 5.4.1 to frame a realistic case for sustained investment.
5.5.1	Communication Channels	Short	Cultural shift required. Start informal if needed. Requires leadership modeling and linkages to executive reviews.
5.5.3	Success Card Pilot	Short	Early win. Early transparency win and supports future KPI reporting.
5.1.2	Monthly Business Reviews	Short	Relies on KPIs and metrics to be meaningful (5.4.1). Builds early executive visibility and discipline. Quick win to set tone

No.	Recommendation	Phase	Special Notes
Initiate in the Medium Term: 4-10 Years[7]			
5.4.3	Budget Tracking	Medium	Enables deeper capital control and project performance tracking. Depends on process documentation (5.3.1) and some systems improvements.
5.3.1	Documentation	Medium	Essential for consistent practice, training, and accountability. Must reflect finalized roles, approval authorities, and priority logic.
5.2.8	Planning Integration	Medium	Depends on having documented roles and SOPs. Enables improved project scoping, fewer delays, and better tenant outcomes.
5.3.2	Vendor Procurement	Medium	Needs standardization before automation or dashboarding. Enhances quality and reliability of capital delivery.
Initiate in the Longer Term: 10+ Years			
5.2.7	Lifecycle Costing	Long	Higher maturity initiative. Best implemented once short- and medium-term planning and prioritization are embedded.
5.4.2	Data Integration	Long	This may be brought into the medium term, especially if advanced analytics or automation is pursued. Resource-intensive. Requires clarity on budget structure, SOPs, and prioritization before centralizing data.
5.5.2	Planning Culture	Long	End-state goal. Dependent on success of internal communication channels (5.5.1) and consistent practices (5.3.1). Benefits from visible leadership commitment.

[7] Aspects of these initiatives can be progressed in the short-term; however, the completion is dependent on several of the short-term tasks.

7. Business Case for Future Funding

This section discusses positioning the TCHC for future capital funding and financing, with consideration of the recommendations provided in this report.

To preserve its aging housing portfolio and stabilize building condition assets, TCHC may need to renew and expand access to capital from a variety of sources in the years ahead. The expiring federal and city funding provides a key milestone, and TCHC must be prepared to make a compelling business case for sustained investment in its housing portfolio. This section outlines how TCHC can leverage evolving capital planning practices to support a strong, evidence-based case for future SOGR funding. The intent is not to seek more funding to do more of the same, but instead to demonstrate that TCHC is evolving, and is positioned to deliver results with return on investment more transparently and efficiently.

7.1. Ground the Ask in Portfolio Stabilization, Not FCI Alone

TCHC's current funding agreements are linked to a 10% average Facility Condition Index (FCI) target, but this metric alone is no longer sufficient or realistic as a sole planning or funding indicator. The business case for 2027 should be built on:

- A realistic narrative about the current state of the portfolio, and also the trajectory with and without sustained investment.
- A credible stabilization goal, such as avoiding further increases in backlog, addressing critical repairs, and/or reducing long-term risk.
- Reporting and forecasting should use a range of indicators that fully describe the condition of the portfolio in full, including backlog, % very poor, backlog per unit, risk-weighted investment coverage, and tenant-impact metrics.

This repositioning helps manage expectations while aligning with leading SOGR and asset management practices.

Further, the business case key messages about SOGR needs can build on the 2015 report *Socio-Economic Analysis: Value of Toronto Community Housing's 10-Year Capital Investment Plan and Revitalization*[iv], which emphasizes the extended impacts of TCHC's growing capital repair needs into the wider community and healthcare. The social, economic and sustainability benefits of protecting and preserving TCHC's aging housing stock supply, especially in light of the current affordable housing crisis, can be discussed in the business case to rationalize the capital request to fund the stabilizing of the portfolio.

7.2. Demonstrate That SOGR Investment Will Be Strategic and Disciplined

TCHC must be able to show that new capital funding will be used to maximize building health outcomes while controlling response to reactive issues. The refreshed business case should emphasize:

- A rolling 15-year capital investment plan structured around condition data and forecasted needs, using SOGR and asset management concepts.
- Defined lifecycle investment strategies, risk-based prioritization criteria.
- Improved controls to protect planned work from being overwhelmed by reactive demand, including improved project scoping for unplanned capital work.
- Clear structures for managing, tracking, and adjusting capital investments in response to risks or changes.
- Mapping to operational resource needs to deliver the requested capital.

This signals a shift from more recent reactive budgeting toward long-term, portfolio-based SOGR management.

7.3. Communicate Readiness and Progress on Reform

The business case should be anchored in the real and ongoing reforms TCHC is making to mature its capital planning and delivery systems. These include:

- Establishing a formal SOGR Plan with portfolio-level goals, definitions, and investment strategies.
- Implementing a prioritization framework and updated SOPs for capital budgeting and demand triage.
- Enhancing cross-functional business review processes to continue ensuring oversight and accountability.
- Continuing to strengthen capital delivery processes, vendor management, and project-level tracking.
- Defining annual SOGR objectives and corresponding KPIs to focus effort and monitor impact.

These measures not only improve internal decision-making, but they also may build external confidence in TCHC's ability to deliver on funding commitments.

7.4. Structure the Case Around Measurable Outcomes

TCHC should clearly define what can be achieved with specific levels of investment. The business case should include:

- Forecasted impact of different capital investment scenarios (such as stabilizing backlog, vs. reducing backlog).
- Asset risk reduction indicators (such as number/value of critical building components remediated)
- Unit-level outcomes (such as number of units stabilized or improved through investment)
- Alignment with the broader TCHC goals of safe, livable, accessible housing that remains open and functional.

This refreshed approach may enable funders to see more directly the return on investment.

7.5. Present the Case as an Evolution, not a Reset

The case for future funding should show that it is building from a foundation of lessons learned and improved practice, including alignment to City and industry asset management practices, rather than starting from scratch. Key messages could include:

- “We understand what hasn’t worked, and we are changing it.”
- “We are learning from recent reactive spending to more forward planning.”
- “We are prioritizing the right work, at the right time, with the right controls.”
- “We can show value for money, not just dollars spent, but assets and condition stabilized.”

By aligning funding requests with a mature and risk-aware planning framework, TCHC can present itself as a credible and capable steward of the next phase of federal, provincial, or City SOGR investment.

Appendix A Detailed Observations

A1. Governance Observations

Governance relates to oversight, accountability, and organizational leadership related to SOGR capital programs. Effective governance is predicated on a comprehensive understanding of both what is being governed and the underlying rationale. Good practice in SOGR governance includes a clear strategy, established decision-making processes, and appropriate reporting, that enable the Board to oversee and the Administration to implement. The goals of governance are a structured governance framework with objectives, consistent policies and processes that connect directly to decision-making, ensuring accountability and strategic oversight for SOGR programs.

- The Decision-Making Structure should foster coordinated, cross-divisional decision-making that integrates data, risk assessments, and long-term SOGR / lifecycle planning to drive proactive asset management.
- Accountability ensures clear roles and responsibilities for asset condition, capital investment, and lifecycle SOGR planning, with dedicated oversight to align operational, strategic, and financial investment priorities.

Overall, there is a disconnect between current perceptions of the state of repair and anticipated outcomes from capital investments, underscoring inconsistencies in SOGR planning. Such a gap not only challenges the clarity of oversight and accountability but also compromises leadership effectiveness, thereby impacting the overall governance strategy.

SOGR Levels of Service

Due to funding constraints and conflicting level of service commitments, TCHC SOGR Planning is constrained. TCHC's capital program reflects pragmatic SOGR planning, a form of constrained SOGR planning where SOGR investments are constrained by budget and competing with strategic/funding commitments related to energy, accessibility, and keeping units open. As a result, SOGR investments are in a shortfall, backlog is worsening, and the portfolio condition status is not stabilized. This current state is not clearly communicated, documented, acknowledged, or part of planning, strategizing, or reporting. This is leading to misconstrued expectations and challenges for future funding.

Core Terminology and Definitions

Value for Money (VFM) and SOGR are terms used intermittently, but both are not consistently defined, and as such they are perceived differently across TCHC divisions. The Board, Finance, and Auditing groups expressed a desire to understand more about current VFM and SOGR practices, the ability to show VFM, and to report and forecast SOGR using robust metrics.

Varying perceptions of VFM related to SOGR were observed and are listed below, and it is clear that this variation in interpretation can lead to significantly different spending and messaging.

Examples of how staff define Value for Money and SOGR:

"Spending but not exceeding the Capital Repair budget."
"Spending but not exceeding the Planned Capital budget."
"Completing capital projects that contribute toward reaching a 10% FCI."
"Adhering planned and demand spending to an 80:20 budget ratio."
"Completing capital projects in accordance with a SOGR plan."
"Spending in adherence to consistent, efficient processes to yield a quality result."
"Driven to get the job done, to achieve certain goals, that didn't necessarily align with TCHC strategic plan or VFM concept."
"VFM is not part of the culture in planning and delivering capital."

SOGR Objectives and Targets

SOGR objectives are not clearly and consistently defined, although there is a regular focus on "10% FCI". Reaching 10% FCI has been a top-of-mind SOGR goal since 2017, but improving overall average FCI is an unrealistic goal based on available funding and historic spending. This is also leading to misconstrued expectations.

A Strategic priority from the 2025-2029 Strategic Plan[v] that directly relates to SOGR is to "*Improve the cleanliness, maintenance, and accessibility of our buildings.".* Although this priority provides a foundation for rationalizing SOGR needs in the budget, the 2025 City of Toronto Budget Notes for TCHC[vi] do not directly connect or cite SOGR discussions in the budget notes to this priority or the former Strategic Plan priorities. however this is not referred to in the Budget Notes

Some other SOGR-related objectives are tied to funding agreements and are regularly reported on. Reporting on SOGR objectives varies, but collectively include:

- Facility Condition:
  - Reach a portfolio average of 10% FCI by end of 2026 (also reported as 2027 and year-end 2027)
  - Prevent any further permanent unit closures
- Tenant Experience:
  - Work orders completed within 3 days[vii]
  - Cleaning - building inspections within ratings 84% - 100%[vii]
- Energy Performance:
  - Reduce energy consumption by 25% by the end of 2028
- Accessibility:
  - Implement accessibility improvements to 20% of units by the end of 2028
  - Upgrade common areas and entrances over 130 properties creating access to more than 30,000 accessible-ready units by the end of 2028

FCI is generally communicated as the key indicator of SOGR, however there is some incoherence to the FCI target, its rationale, achievability, reliability, suitability, and how capital delivers on FCI target. FCI on its own is not a suitable measure for SOGR and may have some inconsistencies in calculation and/or comparing year over year. This is leading to misconstrued understanding of spending, condition, and funding requirement conformance.

For reference, FCI Targets at other local housing providers:

- **10%:** Windsor Essex by 2033, Haldimand–Norfolk Housing by 2035, Durham Housing is 6%-10%, Ottawa Housing target it 10%, and is currently about 6%, but they acknowledge some calculation faults.
- **16-21%:** BC Housing (they are currently in the 20% range)
- **No FCI target:** Hamilton, Peterborough Housing, Kingston & Frontenac
- Average portfolio FCI of **21% to 41%** by 2029: London & Middlesex Community Housing

Rationale

The original rationale for setting the FCI target at 10% is reportedly from 2013, based on advice from Ameresco and direction from City Council/Shareholder. At that time, it was assumed that 10% was a fair/reasonable rating and the industry standard for the top of the 'fair' category. The 10% target to be reached by the end of 2026 was set in 2017, as a goal set with the City, along with no permanent unit closures. The 10% target may not be reasonable in the present day, with the funding, current condition, and economic environment of the local area.

Achievability

As indicated by the size of the SOGR backlog and recent reporting, the FCI target of 10% is not achievable. In August 2023, in the FCI guiding document, it is reported that TCHC is "on track to obtain the FCI objective" by the end of 2026. However, in the December 6, 2024, Board budget report, the FCI target was adjusted to 11.5%.

This change in the reported ability to achieve the FCI target is believed to be attributed to several factors.

- The pandemic resulted in the postponement of regular maintenance and capital improvement projects, causing facility conditions to deteriorate and increasing the cost of deferred maintenance. Consequently, the numerator in the FCI formula—the cost of repairs—rose, leading to higher FCI values and indicating poorer building conditions.
- The implementation of unplanned pandemic-triggered health measures, such as enhanced ventilation systems to improve indoor air quality, required significant investments. These upgrades added to the repair costs, further elevating FCI values.
- Post-pandemic volume increases triggered by the backlog maintenance requests accumulated during the pandemic.

Reliability

FCI may not serve as a single reliable year-over-year indicator for TCHC SOGR as its calculation is influenced by differing economic factors. Specifically, both the numerator (estimates of required capital work) and the denominator (replacement value, which can be the market value of the facility, or the summary of valuations of building components) are subject to inflation, the economic environment affecting renewal contract work, and fluctuations in the housing market, and have disparate sensitivities especially during and after the pandemic. This leads to inconsistencies in the year over year FCI, undermining its comparability over time.

For TCHC, the estimate of required capital needs (the numerator) is provided by the Building Condition Assessment consultants. The facility's current replacement value (denominator) is derived using a unit costing approach built into the AssetPlanner tool. As the two data sources are different, this may also lead to a skew in year over year comparisons of FCI. However it was noted that deriving replacement value from the sum of building components from the BCAs may introduce greater error.

Also, FCI is considered a lagging indicator. It reflects the current or accumulated state of asset deterioration, making it a reactive measure in SOGR planning. It shows how far behind the portfolio may be in maintaining assets, rather than whether it is on track to prevent future issues. While FCI can incorporate projected capital needs over the next few years, those projections are generally based on already-known deficiencies or lifecycle forecasts from existing deterioration. As such, FCI still answers the question, "How far behind are we?" rather than serving as a leading indicator that signals emerging risks or confirms that proactive maintenance and renewal are keeping assets in good condition.

Suitability

It is not clear how spending capital to reach the target FCI of 10% is providing value for money, especially considering other initiatives competing for capital (e.g. energy efficiency, accessibility). FCI is a technical indicator of asset condition, but on its own, it does not articulate what the optimal use of funds is. It provides no insight into the value, urgency, or strategic importance of individual investments—nor does it account for competing priorities like accessibility, energy efficiency, or tenant well-being. As a portfolio-wide average, FCI can mask wide disparities in building condition and risk, leading to misaligned spending that may not reflect operational needs or service outcomes.

Without being tied to clear business objectives or value-for-money criteria, targeting an industry or somewhat arbitrary FCI (such as 10%) risks turning capital planning into a number-chasing exercise. It does not help decision-makers determine where limited funds can have the greatest impact or how to balance short-term repairs with long-term sustainability. For TCHC, FCI should be treated as a supporting metric rather than the primary driver of capital investment decisions.

Defined Accountabilities

Accountabilities for specific objectives and outcomes related to SOGR are not well defined.

It is not clear who is accountable for achieving annual SOGR targets and the roles and responsibilities of those required to provide input and supports are not clearly defined. SOPs for capital planning are lacking defined roles. In many cases, groups or units are listed, rather than individual roles. While the capital budget provides guidance on how much money is available and the FCI indicates the cumulative state of the assets, neither provides clear direction on how to achieve a SOGR. Good governance requires defining what results are expected; identifying a specific person/role accountable to achieve those results; tracking progress and milestones; and reporting actions, progress and results on a regular basis. No clear SOGR plan with measurable results or outcomes was identified. Further, with both Facilities Management and Operations drawing from the same capital funds it is unclear who is accountable for SOGR spending. Finally, it was unclear what the decision-making process is for allocating funds to SOGR projects, how prioritization is achieved or who makes decisions related to SOGR.

A2. Planning Observations

SOGR planning involves strategic alignment, capital budget allocation, prioritization, maintaining a comprehensive SOGR capital planning framework that integrates asset condition, service levels, and risk-based prioritization to guide sustainable, long-term investment. For reliable SOGR Planning:

- Sufficient funds are allocated to maintain buildings at a defined level of service, distributed between planned and demand capital, based on lifecycle costing.
- Planning Processes link BCAs to capital plan, and prioritize maintenance, repairs, and capital renewal projects based on risk, cost, and criticality.
- Long-term strategy or framework for maintaining the SOGR of TCHC buildings, linked to the Strategic Plan and funding requirements, is in place.
- Asset inventory & condition data is complete, maintained and regularly updated to inform SOGR decision-making and optimize resource allocation.
- A data-driven prioritization approach is in place that balances risk, lifecycle costs, and service levels to ensure SOGR capital investments deliver maximum value.
- A SOGR capital budget (and forecast) is prepared and approved based on SOGR need, aligned with the longer-term rolling capital plan.

Business Planning

TCHC does not appear to have a holistic planning framework, as there was no evidence of a business plan related to VFM or SOGR, nor annual objectives or reporting on objectives. As such, there is no line of sight for executive leadership, especially the CEO, to show money is being spent on the right things.

It is noted that the City requires TCHC develop a -10-year rolling Building Repair Capital plan that is updated annually, which includes operating and capital financial plans, service targets, and performance measures, however this appears to be a collection of strategic plans, capital plan, and budgets. At the highest level, it is unclear how this channels into TCHC divisions, as there are no internal annual objectives related to VFM or SOGR. In business planning, it is expected that the CEO would give directives to division leaders, then goals and priorities set up for each division leader, which becomes the

basis for performance management. The lack of suitable SOGR KPIs also impacts and relates to these business plans.

There is disconnect between financial planning and project execution. Capital budgets are largely allocated based on historical trends rather than actual asset conditions or strategic priorities.

There are no internal annual objectives or business plan related to value for money.

SOGR Plan

There is no documented SOGR plan as a whole, Building Asset management (AM) program, AM strategy, or AM plan (other than City AMP). There is currently no documented SOGR Plan, nor is there an overarching AM program, strategy, or AM Plan in place, aside from the City's Asset Management Plan. While Capital Planning has prepared a historical capital budget summary and a rolling 10-year capital plan, these documents are not broadly accessible within the organization. As a result, asset managers and operational staff cannot easily view or reference the long-term outlook for SOGR investments, making it difficult to connect daily decisions to broader portfolio objectives or future needs.

Although Capital Planning staff are responsible for many planning functions, they do not have the organizational authority to define or enforce SOGR principles. This leaves a critical gap: SOGR principles, such as those grounded in lifecycle thinking, service level expectations, or risk mitigation, are neither documented nor consistently applied. Ideally, these principles would form the foundation of a SOGR Plan and Budget, guiding investments from acquisition and preventive maintenance through to major rehabilitation, replacement, or decommissioning. In the absence of such a framework, and under significant funding constraints, capital decisions tend to be reactive, driven by short-term needs or emergent issues, rather than by long-term value, condition optimization, or root cause resolution.

This has also contributed to a culture of resignation around long-term planning. Common refrains such as "We can't really plan because we don't have budget for future years" or "We're not allowed to plan future projects because funding is only annual" reflect a pervasive belief that forward-looking planning is unrealistic or unwelcome. While funding uncertainty is a legitimate constraint, it has become internalized to the point that meaningful planning is perceived as unachievable. Without a formal SOGR Plan to anchor decisions and articulate a long-term vision, the organization remains stuck in a cycle where the absence of planning reinforces further short-termism.

Asset Inventory & Condition Data

GEI reviewed a sample of two BCAs, to review the approach, costing, ratings. Some BCA improvement opportunities exist, and general observations are noted below.

BCAs include studies as needs. Although it is important to capture, this is not necessarily a representation of capital related to facility condition. It is likely that the Ameresco import may discretize those investment types.

BCA dates are current, but data may be carried forward from previous assessments.

The replacement values noted in the 'Facility' column appear low relative to current market conditions. This may be misrepresenting the FCI to higher values. For example, in Jarvis Carlton, a 2025 site repair (repair to roads and pavers) results in a 137% FCI for that component, appearing catastrophic.

In the data, some things get potentially double-counted. For example, foundations could be listed twice, once for a study, and a second time for a repair.

Preventive Maintenance

SOGR preventive maintenance involves a proactive maintenance program that supports levels of service, extends asset life, reduces costs, and integrates predictive monitoring for optimized performance. The budget is segregated and managed entirely separate from the SOGR budgets discussed with TCHC.

From the Internal Audit report (June 2023), FM did not have formally documented policies except for a few procedures/SOPs regarding PM activities. Some of the available procedures were not comprehensive and were not on TCHC approved template. It was also reported that FM did not have formally documented KPIs to evaluate performance in relation to PM activities. The audit noted that FM's major building component inventory was not kept up-to-date with all the required details; and although random inspections were completed, they were not carried out using the standardized template for vendor performance evaluations, in line with the contract.

Budget Preparation

The Capital Planning process map and accompanying SOP for capital planning describe multi-jurisdictional responsibilities and steps in capital budget preparation, however it does not describe how capital needs are prioritized (from the $2M backlog down to the $350M budget), specifically SOGR needs. That is, it is unclear in the SOP what projects are prioritized based on what SOGR principles or BCA recommendation, and what happens to deferred work. The SOGR need is greater than the available funding, but it is not clearly documented how the planned SOGR capital projects in the capital budget are prioritized based on SOGR principles, BCA recommendations, requirements to minimize permanent unit closures, or maintaining unit count.

There is some reference to prioritizing 'urgent' or 'emergency' work in guiding documents, but these terms are not consistently defined. For example, the triage workflow (capital work triggered from Operations) does not define the term 'emergency' or 'urgent', nor do the capital planning SOPs, and the 2023 annual Ameresco FCI report stated that "Needs that address life safety issues or TCHC liability concerns are given top priority."

Also, other funding requirements beyond SOGR, including energy upgrades and accessibility upgrades, are factored in and prioritized into the capital budget. While consultation occurs, the ultimate prioritization process is opaque, with key decision-makers using varying, undisclosed rationale.

SOGR capital planning may not include all stakeholders. Operations staff are consulted in developing budgets but noted that they are often not informed of resulting approved projects and scope or initiation dates, which result in tenant coordination challenges, higher costs, and project scopes that don't account for operational realities. This inefficiency is reportedly leading to increasing tenant dissatisfaction and operational costs. Finance is also not consulted in SOGR budget planning. It was reported that FM has been working since June 2024 on a tool to allow for the process to be more transparent. FM engaged IT last December and has been working closely in the development of this tool, which is estimated to be implemented June/July 2025.

Defining Unconstrained Needs

The nature of the funding model in non-profit housing provision means the budget is constrained by the available funding. Rather than building capital budgets and plans around SOGR commitments, the budgets are set based on funding, Capital Planning annually facilitates the iterative reduction of the total needs list to match the funding, then Design maps specific projects(needs) to envelopes (budget).

The Building Capital Repair budget is constrained to the available federal and City funding and is allocated to align to a maximum. This is shown in the process map in *SOP-01 Capital Budget 10-YR Plan Summary*, which shows the 'start' of the capital planning process in Finance as 'define budget parameters and total spend'.

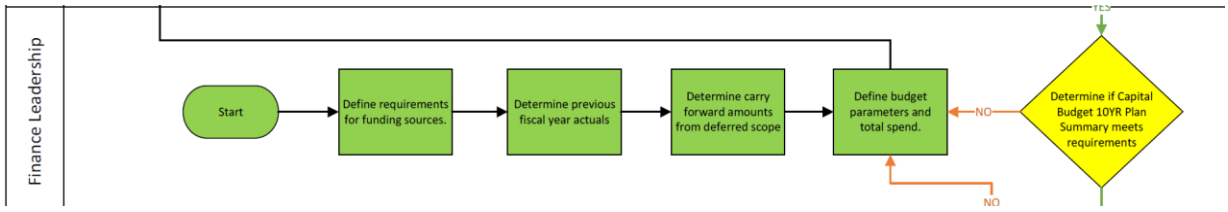


Figure 6 SOP-01 Showing Finance Leadership as Initiating Role in Budget Preparation

The unconstrained SOGR budget needs, that is the capital required to maintain all building components in a SOGR, are not regularly or consistently reported. This is an important measure to regularly communicate, that can be mapped to risk, so that stakeholders are aware of risks incurred by deferring SOGR capital investments.

Budget Structure

Although it is recognized that the budget is a comprehensive matrix, it is challenging for asset managers and leaders to follow the budget and its status down to the project level. It is not clear which budgets are SOGR investments. In particular, the grouping of the capital envelopes into Demand and Planned, and the messaging of these groupings to conform to a 20:80 ratio has led to misunderstandings and frustration. The envelope groupings are:

- Demand = Local Moveouts + Component + Demand
- Planned = Planned + Energy + Capital Operations + Capital Other

where Green & SOGR envelopes are legacy envelopes but are counted as 'Planned'.

Although also part of SOGR planning, Preventive Maintenance is a separate capital envelope and budgeted totally independent and separate from the Building Capital Repair budget, at roughly $30M/year, or 0.16% of the value of the portfolio. As it is controlled entirely separately, it is not impacted by increased demand spending.

80:20 Planned to Demand Ratio

A planned to demand capital budget structure is used, and since 2017, the 10-year capital plan was anticipated to have a ratio of capital funding needs relative to operations and maintenance spending of 80% to 20%. In recent years, not including 2024, the capital spend was not in accordance with the proposed 80:20. TCHC has expressed a desired to bring expenditures back in line with these original projections, but the 80:20 ratio itself may have been incorrectly messaged, especially because Preventive Maintenance capital, a significant portion of SOGR, is not included in the ratio the way it is messaged.

There are several reasons for any organization not to meet a planned to demand spend ratio:

- Demand needs may be higher than expected. The ratio may not be achievable based on the state of repair of the portfolio. Asset failures are imminent based on the SOGR backlog, so reactive response will continue to be required.
- Planned budget is reserve-funding Demand work: Although a triage process has been implemented to control Demand spending, demand capital work is still in exceedance of its budget, at the expense of deferring the planned work, since both are funded from the same budget. Preventive capital is separate and protected.
- Demand spending may lack sufficient controls: This would be an execution gap and is further discussed in Section A3 – Execution.

If TCHC desires to ensure planned capital is spent in accordance with the planned 80:20 ratio, TCHC may consider modifying the budget structure to protect a realistic spend on planned SOGR projects (similar to the Preventive Maintenance capital budget). Demand spending restrictions can be enhanced, or a reserve structure can be set up to support Demand overages.

Protecting the long term lifecycle investments in facilities has been proven in the industry, and adherence to the planned spending should be paramount.

"Research carried out as part of the Canadian Infrastructure Report Card in 2012 which included 26 local governments across B.C., showed that spending $1 on preventative road maintenance and regular repair during the first three quarters of a road's estimated service life can eliminate or delay $6 to $10 in costs later in its life."[8]

A3. Execution Observations

[8] https://www2.gov.bc.ca/assets/gov/british-columbians-our-governments/local-governments/facts-framework/aglg/aglg_asset_management_local_governments_booklet.pdf

Execution in SOGR Planning is about implementation of capital work, effective use of the capital budget, and project delivery. Good practice involves optimizing the delivery of capital projects and asset renewal strategies through structured processes, efficient resource allocation, and proactive maintenance that sustain SOGR. Standardized SOGR processes are documented and followed, such as turnover and other demand-triggered capital work, planned capital projects, vendor management, quality control, timeliness, and responsiveness to repair needs. Leading SOGR practice in Capital Project Delivery ensures SOGR projects are executed efficiently, on time, and within budget using standardized management frameworks and advanced data-driven tools.

- Tools should enable TCHC to execute and track SOGR projects, programs, strategies, and measures.
- High-functioning SOGR teams demonstrate trust and openness by consistently discussing issues, openly admitting challenges, and constructively testing and learning from each other's approaches.

In general, the capital delivery processes are not built to withstand the next blip or significant disruption. Current systems lack the checks, safeguards, and contingency planning needed to absorb significant shocks or unexpected shifts. During the pandemic, work orders surged as tenants spent more time at home, while new digital tools, while helpful, enabled submission of even more work requests, overwhelming the budgets and diverting resources away from planned capital work.

Going forward, SOGR processes may be severely tested by a range of other major disruptions, such as contractor defaults, material shortages, political shifts affecting funding, or data disruptions. Internal risks—like staffing losses, system failures, or labour disruptions—could also derail project continuity. Emergencies requiring urgent tenant relocations or unplanned interventions would further strain the system. Without built-in flexibility, surge capacity, and contingency protocols, these scenarios could delay or compromise the delivery of critical capital work. A more resilient delivery framework would include clear checkpoints, triage protocols, and escalation pathways—ensuring that TCHC can continue delivering strategic capital work, even when the unexpected happens.

Documentation of Capital Project Delivery Processes

Although recent effort has been made to improve documentation of key SOGR processes, several core processes remain undocumented, or are missing details, higher level procedures or program descriptions. The overall SOGR Plan is also not clearly documented.

Documentation needs to cover several levels of detail depending on the user and reader. Documentation should:

- Provide instruction to the roles responsible for carrying out specific activities (like a work instruction, SOP, or process flow), this is where TCHC has focused recent effort, and
- Also provide guidance at a high level to demonstrate overall workflows of planned work, demand work, and the integration and flows between divisions (like a high-level procedure or program description to show how work moves through TCHC), and

- Also guide a reader overall to the SOGR program and point to supporting documents for more detail (like a SOGR plan, manual or plan book).

The 2024 internal audit noted that "There is no documented policy related to capital project planning and monitoring process. There are no procedures related to budget planning and monitoring, project identification and prioritization, project monitoring and reporting, etc." It should be noted that some more recent efforts have begun to address the documentation shortfalls. SOPs, process flow charts, and workflows provided to the review team consistently capture some elements of the capital planning and delivery processes.

TCHC overall appears to be making sound SOGR decisions but is lacking documented frameworks & SOPs. This makes training, repeatability or work, and traceability of decisions and priorities challenging. The following key policy and procedure documents are referred to in TCHC capital planning and are discussed. For example, some SOPs include instructions and process maps which denote responsibilities, but the responsibilities are, in some cases, listed as 'units' or 'leadership', without being specific to pointed accountable roles.

Table 6 Examples of TCHC Documents

Type	Governing Document	Comments
Policy / Bylaw	TCHC Capital Expense Policy (including Guidelines for Capital vs. Operating) and Financial Control By-law	No specific policies around SOGR Planning or Facilities Management in place. A formal policy of this nature could establish clear commitments and expectations for maintaining the condition of TCHC's facility assets, providing accountability to residents, government funders, and stakeholders.
Procedure	Capital Project Scope and Funding Change – Business Case Amendment Request Procedure	Not reviewed
Presentation	Facilities Condition Index's Role in Project Prioritization presentation (2023)	Presentation is not in a formalized guiding format such as a policy, procedure, or SOP.
SOPs	New draft capital planning SOPs were provided at the end of the project discovery phase, not yet implemented at TCHC. Includes Capital Budget 1OYR Plan, Planned Capital Prioritization, Monitoring and Reporting, Planned Capital Cost Estimation, Capital Program FCI KPI, BCA Selection and Prioritization, and Capital Project Development.	Yes to showing swim lanes and process for planning & prioritization of capital budget, BCAs. No to showing what priority ranking exists: (e.g. Regional vs. C&P vs. D&E priorities, "Is the request an emergency") 2023 Amaresco FCI Report states "Needs that address life safety issues or TCHC liability concerns are given top priority."
Excel Workbooks	At least 25 Excel spreadsheets and workbooks are used as	Although a comprehensive network of data sets is intertwined and used to make recommendations

Type	Governing Document	Comments
	means to guide and record capital planning.	and/or record decisions, the workbooks themselves don't provide guidance to TCHC staff, but rather require only seasoned staff to navigate and use the documents. These may be exports from AssetPlanner, further complicating the access and use of the documents.

TCHC bylaws and policies set broad governance frameworks that affect the way TCHC operates. In contrast, an SOP is an internal document that provides step-by-step instructions for staff to follow in carrying out specific tasks, assuring consistency, efficiency, and compliance with policies or legislation. While bylaws and policies establish rules and governance at a broad level, SOPs focus on operational consistency and execution within TCHC divisions.

Document Control

There is no consistent approach to assigning unique identifiers to SOPs across TCHC. Version numbers and dates are not consistently used to track document updates. SOPs should have unique IDs within TCHC, regardless of unit or division, and versions or dates.

Content

The Capital Planning SOPs lack clarity around their intended operational scope. They do not define core operational processes in sufficient detail, nor do they offer a high-level view for users trying to understand how the overall process works. The documents do not appear to be written for a specific audience—whether strategic, management, or operational—and instead present a mix of general descriptions, tool references, and roles without enough structure to support practical implementation or high-level understanding.

Content in several sections—such as Parent Policy, Procedure Summary, and Roles and Responsibilities—does not consistently align with the section titles. This makes it difficult to quickly grasp the intent and relevance of each section.

Roles and responsibilities are often attributed to broad groups or units, but specific job titles are not consistently used to define who is responsible for what. This lack of clarity also appears in the process maps, where accountability is not always clearly assigned.

Several issues are present in the process maps:

- Process steps do not align with the content in the SOPs.
- Start and end points are either missing or not clearly symbolized.
- Connector lines often overlap, start, or end without clarity.

- Colours used in connector lines vary, but there is no legend or explanation.
- Some paths split into parallel flows without clear purpose or explanation in the SOP.
- Decision diamonds frequently lack criteria or supporting information, and some are missing both 'yes' and 'no' branches.
- Overall layout and organization of the process steps could be cleaner to improve usability and user experience.

SOP/Process Map Template:

Good approach using a consistent template that includes both a process flow map and a corresponding operating procedure. This is helpful to have the process visual that is accompanied by explanation in the SOP.

Document Control

SOPs should have unique IDs within TCHC, regardless of unit or division, and versions or dates.

Scope and Focus:

In general, the Capital Planning SOPs don't define operational processes, nor do they provide a high-level view for someone looking to understand how the overall processes work. Rather than being targeted at either an operational, management, or strategic audience, the SOP lacks a coherent level. It includes a mix of general descriptions, tool references, and roles, but without enough structure or detail to support either practical implementation or high-level understanding. The SOP headers say 'Procedure Summary', which implies that additional procedure content are available, but were not provided.

Example	Comments
Planned Capital Prioritization SOP-02	What is it about? By the title, one would expect a description of the process for prioritizing planned capital. • "Intent" states the SOP is to "define data sources….that contribute to the prioritization process for planned capital" • "Procedure summary" doesn't define a sequenced process for prioritizing planned capital, nor does it provide a high-level view for someone looking to understand how the overall process works. • Thus, for operational staff, it lacks concrete sequential instruction on how to use tools, what data is needed for which reports, and how decisions are made based on prioritization indicators. And for leadership or oversight roles, it doesn't clearly articulate how capital planning decisions are made, who reviews what and when, or how prioritization feeds into broader planning cycles or approvals.

Example	Comments
	• Instead, if the SOP is about preparing data used for prioritization, still the SOP does not provide clear instructions on what specific data is required for each report or process, who is responsible for which inputs, and at what stages, how decisions are made using the prioritization outputs, what the prioritization indicators mean in practice, and how they are applied, how prioritization decisions are used, who ultimately reviews or validates the prioritization output. As a result, it is not practical for CPU staff seeking step-by-step guidance, nor is it a fully formed overview for leadership trying to understand how prioritization is operationalized. In the end, seeking information on how capital needs are prioritized into the planned capital budget – criteria, roles, key decision mechanisms. This was not covered in this SOP. Seeking to understand also how in-year planned capital is re-prioritized when the Demand budget reduces the Planned budget. This priority framework was not covered in this SOP. A scope statement is helpful to always define at the top of the SOP who should use it and when it should be used (as part of what process or activity).
Planned Capital Monitoring and Reporting SOP-03	Again, by the title it is expected one can learn about the process for monitoring and reporting planned capital projects or programs. Instead, the procedure appears to be about key inputs to be used for creating reports that are used for monitoring capital.

Relevance of Content Within Sections:

Parent Policy, Procedure Summary (is there a procedure somewhere?), Roles and Responsibilities – these sections include content that does not appear to be relevant.

Example	Comments
Planned Capital Prioritization SOP-02	Parent Policy: The procedure cites the Capital Expense Policy as the parent policy, but are there other defining higher-level policies or strategic plan priorities that also trigger the need for a clear procedure on how capital work is planned? The core 'process' content appears primarily in the 'roles and responsibilities' section, rather than a 'procedure' section. Typically, a 'roles' section lists those

Example	Comments
	responsible for executing the activities in the procedure, and the 'procedure' section describes the activities. If the SOP is really "Preparation of Reports for Planned Capital Monitoring", then one would expect details of that report preparation. Instead, the procedure includes 'create reallocation report' and 'create accessibility report' without details. It includes a mix of general descriptions, tool references, and roles, but without enough structure or detail to support either practical implementation or high-level understanding. If roles & responsibilities is actually describing activities, where in what process do they do these activities?

Roles and Responsibilities:

Roles and responsibilities can include groups or units as overall responsible parties, but specific **job titles** should be used to clearly define who does what wherever possible. Also applies to process maps.

Example	Comments
DE Capital Project Development SOP-07	FM Leadership "approves or denies BCQs" but the FM leader with that responsibility, or the criteria for that review, are not disclosed. The 'Capital Planning Unit' reviews weekly BCQ requests, but is not specific on what role within CPU would do that work.

Process Maps:

- The process steps in the maps do not align with content in the SOPs.
- There are multiple starts and end points that are not symbolized**.**
- Some connector lines overlap, start, or end without clarity.
- Varying colours of the connector lines are not defined.
- Some paths split into parallel paths without clear purpose or supporting information in the SOP**.**

Some decision points lack information - Decision diamonds should have criteria or supporting information in the accompanying procedure. Also, some lack both a 'yes' and 'no' option.

Generally, some cleaner alignment/organization can help the user's experience.

Priority of Capital Work

Documenting priorities is a recurring challenge in this review. During delivery of capital work, it is common that budget, schedule, and scope may need to pivot due to unexpected conditions. For

example, planned spending is being sidelined by emergencies, special requests, non-constructable designs (shoring), inflation, and quality. It was observed that Operations is not meaningfully involved early enough or throughout capital project design and scoping, leading to misaligned priorities, impractical designs, and missed opportunities to address root issues. Their insights are often overlooked, resulting in projects that are harder to maintain, costlier to execute, and less responsive to tenant needs. Project contingency is sometimes exceeded which triggers a re-prioritization of other work in the budget envelope. If the envelope cannot absorb the expenditure, budgets can be moved between envelopes, but this requires Board approval. The principles and priorities behind making these project changes require rigor and documentation so that project management principles are adhered to. These priority decision inputs, criteria, and authorities are not documented.

- Weekly meetings to review planning and executing project changes, including Business Case Amendments (BCAs) and Business Case Questionnaires (BCQs), occur with key stakeholders, but the process and required roles, required inputs, or priorities/criteria for decision making are not documented.
- Prioritization criteria exist (FM Design & Preservation), but are not yet documented and rolled out to general staff. These were initiated in January 2025.

Demand Spending in Component Capital – Interior Program

As shown in financial analysis in Section 3, several Demand budget envelopes are consistently over budget. The most consistently significant exceedance is the Component Capital – Interior envelope, also called the Demand General Repairs budget, with a cumulative overage of $192M from 2018-2023, or an average exceedance of $32M/year. Monitoring did not appear to trigger sufficient response to freeze spending. Thus processes for identifying need, approving work, and procuring contractors within this program were explored.

In July 2024, BIFAC requested that the administration investigate and report on the exceedances, and some activities have already occurred. TCHC staff expressed several reasons for this consistent budget exceedance for Demand General Repairs, including the following:

- Demand spending spiked due to increased demand from work order process changes. Some staff expressed observations that the work order volume increased because the work order process was streamlined to be more easily accessible by site staff.
- Demand spending spiked due to increased demand from tenants during the pandemic. Tenant requests increased while many people were on pandemic lockdowns, and tenants have several means to request work, including the online webpage access for tenants.
- Formerly outsourced building management transitioned back to TCHC and resulted in an inherited backlog of work (CM Buildings).
- Repair costs increased due to reported pandemic inflation.
- The current $1,500 capital threshold is being reconsidered for certain building envelope components, with a potential increase to $5,000. The low threshold often results in small expenses being treated as capital costs, which artificially inflates capital spending. Increasing the threshold would reduce the amount of unplanned expenses charged to capital. However, these

unplanned costs remain TCHC expenditures, regardless of whether they are funded through capital or operating budgets.
- As noted in the BIFAC report dated February 13, 2025, "Management failed to develop a comprehensive approach to proactively addressing this trend in an effective and timely manner."

Related to these challenges, it has been deduced that:

- There may be conflicting TCHC priorities enabling overspending in DGR. There was some discussion that the 'Tenants First' principle and the directive to keep units and buildings open may be restricting the ability of TCHC staff to defer non-urgent capital.
- Demand needs may be higher than expected based on portfolio backlog. The budget, formerly based on the 20% ratio, may not be achievable based on the state of repair of the TCHC facilities. Continued asset failures may be imminent based on the SOGR backlog, so reactive response will continue to be required.
- There is a gap in responsibilities for budget adherence for Demand General Repairs. Responsible roles for monitoring DGR capital requests against the current budget, and what constitutes 'approval' of capital work are unclear. Operations stated that DGR work orders are "approved' by FM, while FM responded that "approval" entails only a review of the appropriateness of scope and costs based on the deficiency, and not a check against budget.

Triage and Dispatch Procedures

Although the terms are used in the SOP and related process maps provided, the *WO Triage SOP* does not define what is 'urgent', 'emergency', or non-urgent' work.

The *Business Hours Emergency Matrix for Semi-Skilled Work Orders* list defines various types of repair needs, troubleshooting, and directions for vendor dispatch. The urgency of repairs is more clearly delineated. Many of the repairs instruct the reader to "send to vendor, no pre-approval required". '

Budget Monitoring

It has been reported that:

- Contracts and vendors can be managed ad-hoc, with a lack of two-way feedback and collaboration.
- There is limited vendor participation in procurement opportunities, due to challenges with the work environments, inefficiencies and inconsistences within the sourcing process and vendor relationship management.

Since the discovery of recent deficiencies, steps have been taken to standardize and automate the reporting parameters in reconciling the DGR program expenditures to the appropriate GL codes.

Management acknowledged that the material overspend was a serious matter and they were committed to making the appropriate changes, including:

- Strengthening accountability over this activity with the appointment of new staff to reconcile program expenditures,
- Reviewing the accountability system and structure that is accountable for this work.
- Utilizing HoMES to develop a new standardized and automated report to ensure consistent and reliable reporting.
- Adopting cross-divisional monthly reviews to monitor variances including updating monthly accruals.
- Going forward, spending will be compared against the budget as well as the contract authority and reconcile back to the GL balance. Reconciliation related to contractual approvals will be incorporated into future quarterly reports

Authorities to Approve Demand Work

A gap exists in the authority framework for approving demand work. When demand capital needs arise, Operations applies a triage procedure, and work is documented in a work order that forwards to GM. Operations staff indicated that the work orders are sent "for approval" by FM. However, FM clarified that the work order "approval" is a review of the scope of work, and validation that the estimated value of work aligns with current industry rates, not a review against the Demand budget. This leads to a gap in accountability for adherence of projects to the Demand Capital budget. Fundamentally, work requests are not deferred due to budget constraints. Instead, deferment occurs exclusively when the work is assessed as not sufficiently urgent through operational triage, or when its estimated value is determined to be inaccurate.

Procurement and Vendor Management

Procurement and vendor management practices at TCHC are complex, fragmented, and inconsistently applied across SOGR-related programs. While procurement frameworks are reportedly undergoing transition, several key weaknesses continue to undermine the effectiveness, efficiency, and accountability of capital delivery, particularly within the DGR program and other high-volume repair activities.

- There is currently no formal reporting on project-level vendor performance metrics such as cost overruns, delays, or completion rates.
- Staff expressed concerns over recurring issues with poor workmanship, vendor suitability, and insufficient oversight, issues that directly affect tenant satisfaction and operational cost escalation.
- Vendor accountability is reported to be weak, in part due to the absence of standardized performance expectations, post-project reviews, or mechanisms for formal vendor scoring. It was not clear how embedded the documented vendor performance program is in place.
- Procurement processes vary considerably across divisions. Different tools are used (RFPs, RFQs, rosters, or ad hoc arrangements), and in some cases, staff can bypass the approved vendor list entirely and engage a vendor non-competitively, who has not been evaluated or set up in the TCHC financial system.
- In the DGR program, the approved vendor list shows only one vendor is contracted per geographic area, which limits flexibility and competition. Operations noted that a backup vendor

is also in place for each geographic area, but this was not viewed in the documentation provided.

- The lack of standard quantities for common repair tasks and absence of job-based pricing leads to inconsistencies. For example, Superintendents are responsible for measuring required work and inputting quantities into work orders, which are then costed based on preset hourly or material rates, which raises questions about how pricing accuracy is maintained and how overruns are handled. Moreover, there are no typical unit rates or vendor quotations for tasks, say varying by degree of complexity, making cost comparisons, budgeting, and procurement oversight difficult. For example, as is used in Hamilton, repeat in-unit repairs such as door or sink replacements can be set up with preset pricing, inclusive of materials and labour, with three degrees of complexity, depending on the nature of the deficiency. It was reported that there are standard price rates, though vendors have not always been held accountable if they go beyond these rates, and work is actively being done to address this.

Additional reported challenges include significant procurement-related delays that impede project schedules, and a lack of integrated tracking systems to roll up vendor activity or pipeline visibility. Staff noted that reconciliation of payments to vendors often fails to account for all work orders under multi-year, multi-vendor contracts, further complicating financial oversight.

Although there is confidence that TCHC is compliant with standard procurement rules and no recent recurrence of issues previously flagged by the Auditor General, current practices fall short of supporting a high-performing, accountable capital delivery system.

Software Tools

Technology is not fully enabling SOGR planning at TCHC.

- Yardi, a robust property management system, is underutilized. Instead, manual reporting processes dominate, creating inefficiencies and leaving some cross-division insights unreported. Yardi is the ERP used primarily as a property management system to track high-level finances, but there are no budgetary controls built in. Project budgets cannot be tracked on Yardi with current capabilities/allowances. TCHC would be enabled to enhance budget and envelope tracking if they can get the functionality.
- TCHC is not tracking within Yardi at project level, that is being done using Excel. Weekly analyses are being prepared by Capital Planning in Excel, what is spent since the last report, what is remaining etc. Budgets are tracked manually. Cannot run reports based on variance, schedule, etc. Can't have 2-3 people to manually go into AssetPlanner to check. Want to easily access information about the buildings.
- The budget is not set up to be tracked at the project level, but rather at the envelope level. The envelopes become the overall means for planned and demand capital.

Collaboration and Communication

Important information is not consistently available to or shared between staff, units, and divisions, which is leading to inefficiencies, frustrations, silos, and rework. This was evident between Operations, Capital Planning, Facility Management, Finance, ELT, and the Board.

The lack of integration between FM, Operations, and Finance became increasingly apparent workflows were examined. Each team appears to operate to a certain degree in isolation, with little collaboration or shared accountability. Although autonomy is expected in a large organization like TCHC, collaboration between groups must still occur to ensure progress and challenges with SOGR goals are shared.

- Operations staff, despite deep insights into tenant needs and building conditions, noted they are rarely consulted during project planning, beyond the initial consultation to establish the coming budget.
- FM and Finance expressed limited coordination, leading to some confusion over budgeting and execution roles.

In general, there are gaps in formal communication practices related to SOGR planning. It was reported that some staff meet and/or communicate informally and regularly, and groups/stakeholders meet to discuss regular issues. For example, the FM Review Committee meets weekly to discuss and adjust capital priorities, and Capital Planning consults with a range of stakeholders when assembling a new capital budget. The committee reviews BCAs, BCQs, and is made up of VP, Directors, and Capital Planning staff. However, regular and consistent communication channels within divisions, between divisions, or between the CEO and division leaders, especially on higher level reporting of progress towards SOGR goals, successes, or failures, were not observed. There is a need for more formal structured SOGR communications – both vertically and horizontally throughout the organization.

There are gaps in consultation with internal stakeholders.

- Operations noted a lack of communication on the final budget (they are involved only at the beginning of the cycle), or project rollouts.
- Operations reported that consultation during design and procurement phases would help improve the customer experience and save money. FM primarily deals with assets and capital planning and delivery, while Operations primarily deals with the customers/tenants, and Operations staff noted that as such, they are subject to the impacts of the capital decisions from a tenant's view .
- Capital Construction and Operations both noted they have limited opportunities to provide input during design and scoping.
- In budget preparation, it was noted that "Communication needs to become a monthly thing rather than an annual/biannual touchpoint."

There are gaps in accessing active budget information.

Although changes are being made to make improvements, communication between FM and Operations appears strained, as reporting for projects in flight to Operations is reportedly lacking, impacting customers/tenants' perceptions & experience.

Although a Category Report is issued weekly to reflect building envelope status, staff reported challenges in accessing the report or using the report to check status of capital projects or other metrics.

- It is challenging to understand the Category Report and assess status, overcommitments of planned spend or demand, or what has been deferred. The report is generated manually, reported to the Board quarterly.

- There is limited visibility to project level reporting to those outside of FM, including for large projects.

Some staff work remotely, and it should be noted that communication challenges can arise from remote work. Remote workers can't count on the" water cooler discussions" to stay informed in general of the unit or division's activities. Remote work is most successful for transactional work, but less so for collaborative work, and remote work schedules should adjust depending on the processes and need for collaboration.

Deeper than this, there are cultural communication challenges that have developed.

- Staff noted hesitancy to share information between divisions.
- There is a perception that there is inequitable capital delivery in the community. "There were significant external building improvements to half a community – the other half is ignored. FM noted structural reasons for this, but Operations needs to talk to the residents and don't have the whole story – and are such are not able to provide equitable service delivery."

Finally, Internal Audits have documented issues similar to many of the observations in this report. This is not new news, but even with communication, there may have been a lack of action in the past.

A4. Reporting Observations

Reporting focuses on transparency, performance measurement, and continuous improvement. Good practice includes developing a transparent, integrated reporting system that tracks SOGR, capital expenditures, and asset conditions to support informed decision-making and long-term sustainability. This should include transparency to stakeholders, within and between divisions.

- Data integration ensures seamless mixing between financial, operational, and asset management systems to provide a comprehensive and real-time view of SOGR performance.
- Performance metrics are based on a robust performance measurement framework that links SOGR, service levels, risk, and capital investment outcomes to drive continuous improvement. Clear metrics should be in place to track progress on SOGR objectives, and impact of SOGR investments on building performance. Regular risk assessing and reporting on SOGR risk ties to performance metrics, showing risks related to prioritization and to the achievement of SOGR objectives, and how they are being mitigated.

Overall, TCHC is not clearly and consistently articulating a SOGR plan, strategies, priorities, or progress to itself or its stakeholders.

Performance Indicators

Regarding SOGR planning, TCHC stakeholders seek to understand what the current state of the portfolio is, what condition is predicted based on current spending, and what value each year's capital spend earns for TCHC. There has been clear communication across many levels about FCI as the indicator of the portfolio SOGR - current and target FCI is frequently reported in board reports, annual reports, budgets, and TCHC SOPs. However, FCI is not consistently accompanied by other metrics. FCI alone does not tell

the entire SOGR story, and reported on its own, can lead to misinterpretation of the current and future state of the facilities. (FCI challenges as a condition indicator are further described in Section 4.5 – Governance).

The backlog of overdue capital work is also an important part of the story, average maintenance costs per unit, and other variations of this data collectively can indicate SOGR in a fuller manner. SOGR impacts Operations activities differently than FM activities, and a collection of metrics should be useful to indicate SOGR to all divisions.

It is expected that reporting of performance indicators is tailored to each audience, but the base suite of indicators to choose from, along with one reliable, consistent source of data for reporting, is not published. This framework can help provide credibility and repeatability to the metrics, plus can indicate how the metrics connect and what they mean.

To assess whether a community housing corporation is getting value for money from its SOGR plan, robust metrics at various levels: strategic, tactical, and operational should be regularly reported on, and form the basis of key decisions. These metrics should address financial efficiency, physical outcomes, and service delivery impacts.

Operations suggested a suitable metric for the DGR program is volume, unit costs, and end user satisfaction.

Data Integration

TCHC has access to a significant volume of asset and capital planning data, but this information is dispersed across multiple systems and tools. AssetPlanner serves as the central software platform and primary repository for asset-related data, however, its integration with other internal processes and tools remains limited. Capital planning SOGR activities are currently guided and documented through a variety of resources, including one formal policy, one bylaw, one procedure, multiple standard operating procedures (SOPs), and over 25 distinct Excel spreadsheets and workbooks. While this collection of documents forms a comprehensive and interconnected network of inputs used to inform recommendations and capture decisions, the data itself has the opportunity to be more meaningfully integrated. The Excel workbooks—some of which are exported from AssetPlanner—are used to organize, analyze, or track capital information, but they do not consolidate data across the system. In many cases, these spreadsheets operate in isolation from one another, leading to duplication, inconsistent manual data entry, and challenges in maintaining a clear audit trail of decisions. This maturity in data management can introduce inefficiencies in access, version control, and reporting, and limits TCHC's ability to leverage its data holistically.

Appendix B Benchmarking & Industry Scanning

A benchmarking and industry scan was completed to gain insight into other housing corporations. This included comparing portfolio sizes by unit and total replacement costs, backlogs, average portfolio FCI ratings, FCI frameworks, and target FCIs. A summary of the current challenges and lessons learned by various jurisdictions is also provided.

Table 7 Backlog Comparison

Jurisdiction	Portfolio size	Current Performance	Current Average Age (years)	Backlog (% or $)
PHC/Peel Living (2023 AMP)	$2.858B	Fair	37	2.6%ta
City Housing Hamilton (2024 AMP)	$2.950B	9.2% (Fair)	40	4.4%/$131M
York (2024 AMP)	$1.186B	'C'	30 – on average, assets have reached 45% of asset life	$0
Northumberland County Housing Corporation (2023 AMP)	$50.1M	Poor (11% to 30%)	49	15.5%
Windsor Essex Community Housing Corporation (2024 AMP)	$695.1M	15% (Poor)	53	22%/$150M backlog
New York City	$100B	30%	65	30%/$30B
TCHC	$19.3B	Fair	49	44%/$8.41.75B

Table 8 FCI Frameworks Comparison

Housing Corporation	FCI Framework	Target FCI
York HYI	Very good: 0% to 1% Good: >1 to 5% Fair: >5% to 10% Poor: >10% to 30% Very Poor: >30%	
CityHousing Hamilton	Very Good - N/A Good - <5% Fair - >-5% to <10% Poor - ≥10% to <30% Very Poor - ≥30%	<10% (Fair or better)
London & Middlesex Community Housing	Very Good – 0.00-0.05 (0%-5%) Good – 0.06-0.20 (6%-20%) Fair – 0.21-0.40 (21%-40%) Poor – 0.40-0.60 (41%-60%) Very Poor – 0.61 (61%) or Greater	Maintain between 21% to 41% (Fair)
Northumberland County Housing Corporation	Good: 0% to 5% Fair: 5% to 10% Poor: 11% to 30% Critical: 30%+	-
Windsor Essex	Good: 0% to 5% Fair: 5% to 10% Poor: 10% to 30% Critical: 30%+	10% (Fair)
TCHC	Good: 0% to 5% Fair: 6% to 10% Poor: 11% to 30% Critical: 30%+	10% (Fair) by 2027

Although most corporations have the target of maintaining their portfolios in fair (or better) condition, it is important to note that the FCI frameworks used by each corporation are slightly different and so fair condition can correspond to a higher or lower FCI rating. FCIs of fair range between 5% to 10% and 21% to 40%.

Table 9 Current Challenges and Lessons Learned

Jurisdiction	Current Challenges & Lessons Learned
PHC/Peel Living (2023 AMP)	• If the reinvestments in the capital plan are made over 10 years, the average condition will be Very Good. • Capital plan does not include costs associated with climate change, which could increase funding needs substantially.
Hamilton (2024 AMP)	• Inadequate funding has caused deferment of maintenance, affecting overall condition of properties. • Deferring/not completing preventative maintenance work has resulted in a more reactive than proactive maintenance approach. • A significant portion of the portfolio was constructed around the same time, resulting in a substantial number of assets requiring renewal simultaneously.
Northumberland County (2023 AMP)	• 5 areas of focus: growth of NCHC housing, preservation of existing stock, establishment of maintenance service standards, developing of LOS for NCHC housing, and incorporation into the County's AMP.
Windsor Essex (2024 AMP)	Additional funding is required to maintain current LOS. Improvement plan consists of • Exploring new asset management software for preventative maintenance • Exploring new software for energy management • Adding a new financial Yardi module.
New York City	• Stabilizing the portfolio • $181k capital repairs needed per unit
TCHC	• An asset portfolio with a total of 58,385 units with a backlog of $8.4B ($144k/unit)
National Housing Review (England)	SOGR Challenges Nationally: • Ineffective communication and silos • Data and asset management gaps • Unclear reporting metrics
Dept of Housing Washington DC	• Requirements for Maintenance Programs: • Policies and procedures – tenants too • Prioritization framework: 1. Emergencies 2. Vacancies 3. Planned work 4. Routine work • Uniform performance standards / levels of service • Work order system and trending

Community Surveys

A way to measure if an organization is getting value for money is to conduct a community survey to gather information on how satisfied customers are with the services provided. A survey should be conducted regularly and/or after major investments to identify trends and to see if efforts made by the organization are making a difference in service levels. Table 10, Table 11, and Table 12 provide examples of community housing surveys.

Table 10 Peabody Satisfaction Survey Results (8,446 residents surveyed)

Metric	Rented Residents	Shared Owners	Total
TP01 – Overall Satisfaction	57.7%	26.6%	52.4%
TP02 – Repairs Satisfaction	62.6%		62.6%
TP03 – Repairs: Satisfaction with time taken	60.5%		60.5%
TP04 – Home is well maintained	60.9%		60.9%
TP05 – Home is safe	69.9%	53.4%	67.3%
TP09 – Satisfied with complaints handling	27.7%	10.4%	24.3%
TP10 – Satisfied communal areas are clean and well maintained	64.1%	46.1%	60.7%
CH01 – Complaints (Stage one) per 1,000 properties	66	72	66.9
CH01 – Complaints (Stage two) per 1,000 properties	11	14	11.3
CH02 – Complaints responded to within Complaint Handling Code timescales (Stage one)	55.3%	54.9%	55.2%
CH02 – Complaints responded to within Complaint Handline Code timescales (Stage two)	84.9%	89.4%	85.5%
RP01 – Home that do not meet the Decent Homes Standard			0.2%
RP02 – Repairs completed within target timescale (non-emergency)			69.3%
RP02 – Repairs completed within target timescale (emergency)			65.6%
BS01 – Proportion of homes for which all required gas safety checks have been carried out			98.3%
BS02 – Proportion of homes for which all required fire risk assessments have been carried out			99.0%
BS03 – Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out			93.8%
BS04 – Proportion of homes for which all required legionella risk assessments have been carried out			96.3%
BS05 – Proportion of homes for which all required communal passenger lift safety checks have been carried out			95.2.%

Table 11 York 2022 Resident Survey (2,867 households surveyed)

Metric	Score
Overall Satisfaction with HYI	80%
Maintenance of Green Spaces (good and very good)	70%
Laundry services provided by Sparkle Solutions (very good or good)	76%
Cleaning Service of Common Areas (good and very good)	77%
Garbage and recycling areas are clean (all the time or most of the time)	77%
Elevators Run Smoothly (all or most of the time)	66%
Satisfaction with Maintenance Request Forms and Repairs (satisfied and very satisfied)	84%

CityHousing Hamilton conducted a survey which included gathering insight on the difference between tenant expectations and service levels provided. Service rates and value for money indices were used to determine the rate an individual (tenant) is paying for a service correlates with the perceived value for money.

Table 12 CityHousing Hamilton Survey Results: Service Area Rates vs. Value for Money

Service Area	Rates (index score)	Value for Money (index score)	Net Differential	Opt Out %
Total	**71**	**50**	**-21**	**29%**
Redevelopment, Revitalization And Renewal Of The Housing Supply	76	42	-35	24%
Resolving Safety Concerns	76	48	-27	33%
Exterior Care / Condition Of Building	69	50	-19	27%
Tenant Services At Properties	68	50	-18	36%
Waste Management	71	56	-15	29%
Landscaping (E.G, Grass Cutting, Snow Clearing, Etc)	65	52	-13	28%

A differential of 20 points or more between rates and value for money scores are considered to be a mismatch between expectations and service levels. Positive Net Differential values indicate that 'Value for Money' was greater than the willingness for 'Rates'. Low rate index scores indicate that respondents are not willing to pay increased rates for the service area.

Business Planning

Both PHC and PHL (service manager for PHC) have developed 2020-2024 Business Plans which outline the corporation's vision, mission, outcomes, and how those outcomes will be achieved. Peel has developed a 2025 to 2028 business plan for housing support.

The HYI 2023 Annual Report documents the 2023 year-end performance. This includes actions completed, targets met or exceeded, actions underway for completion in 2024, and actions intentionally deferred. The report focuses on three (3) strategic priorities:

1. Expanding housing portfolio
2. Inclusive communities and successful tenancies
3. Financial sustainability

KPIs were developed for each of the three priorities tied to actions, targets, and statuses. Each status was categorized as target exceeded, target met, target not met, in progress, or action deferred/delayed

or N/A. Developing KPIs can help an organization track progress and ensure targets and goals can be met.

BC Housing

Stakeholders from BC Housing were interviewed to gain insight into BC Housing's processes and the challenges the organization currently faces. The interview focused on the following:

1. In general, how is the condition of the overall building portfolio is reported, and is there a strategy or high-level plan related to SOGR?
    - The stock includes the Provincial Rental Housing Corporation (PRHC), which is owned by BC Housing and the non-profit portfolio which is supported by BC Housing (managing and funding those projects).
    - BCAs are performed on all stock on a 5-year cycle (approximately 20% of stock every year) which includes PRHC and non-profit. The BCA data is fed back into the system.
    - Asset Planner (Ameresco) has been used for the past 12 years to manage the information. It has been adapted to be specific for social housing.
    - The BCA data is reviewed, and projects are built based on the BCA data. The service request feature within Asset Planner is also used to inform projects.
    - The built projects are put on the Provincial Priority List. This list includes project details like scope, budget, and ranking. There is currently ~$400M in outstanding projects. There is not enough funding to do everything. The budget is currently $150M/year.
    - Backlog is measured. The level of funding they are currently getting is roughly keeping up with the backlog. The backlog remains stable.
    - Projects are prioritized to focus on keeping the building safe (roof, elevators, fire safety, etc.). Some projects may keep getting deferred because they are not considered safety projects.
    - More funding in the past 5 years has enabled bigger projects and more opportunities for project bunding. Project bunding also results in a more competitive pool of bidders and better pricing.
    - FCI is measured and reported. BC Housing follows the provincial target of 20%. The portfolio is currently sitting around 19%. Other factors are considered but these are not reported.

2. How does the organization budget for **reactive** building repairs/renewal vs. planned, preventive or lifecycle projects? Does **reactive** spending impact other budgets?
    - The operational budget is separate from the capital budget. The operational budget is centered around repairs and preventative maintenance, which does not include capital funding.
    - Anything above $10k becomes a capital project.
    - Weather-related maintenance can take a significant hit on the budget (e.g., snow clearance).
    - The total portfolio size is about 100k units.
    - How is reactive maintenance budgeted for?
        - When there is an emergency, it is addressed, and the timing of active projects are moved/adjusted to make the budget for the reactive maintenance.
        - BCHC is self-insured so money is kept aside. Operations performs the fire clean up and capital performs the repairs, but the funding does not come from the capital budget.
        - BC housing puts funding aside to deal with emergencies throughout the year.
    - BCA data is pulled from Asset Planner and it is used to validate and justify increased funding. Asset forecasting was performed to show deterioration and build business cases, resulting in 10-fold increase in budget.

- Most funding is provincial, and they partner with Canada Mortgage and Housing Corporation (CMHC) on some projects. Funding is topped up with CMHC dollars. These are more specific to their owned buildings, not the non-profit buildings. CMHC likes to deal directly with the non-profit buildings.

3. How well do the divisions of the organization integrate and collaborate and communicate to the Board?
    - There is a lot of documentation within groups but not a lot across groups. Relationships drive the cross-division collaborations.
    - Asset Planner is the conduit across divisions. The maintenance module in Asset Planner is currently not being used but could be in the future.
    - When building projects become too expensive per unit (the threshold is $300k/unit), the operations and re-development groups further investigate to determine if it is the right decision to invest in this site (discuss redevelopment vs. repair). There is a process to document this approach.
    - Decisions are usually made based on scoring criteria used for every project. There are 8 questions, and an alignment score is calculated which is tied to priority.
    - The province has aggressive GHG reduction targets. Projects are built with the energy team to roll in energy conservation measures. When projects are approved, GHG savings need to be approved as well.
    - Day-to-day repairs are usually generated through the building managers on site (walk-throughs) and tenants send requests to the building managers. JD Edwards houses these work orders from creation to completion. These also have priority ratings.
    - Accounting and financing will adjust the budgets themselves following that $10k threshold. It does not matter what group does the work. This is also tracked in CFF software (forecasting).
    - Many types of software are used which can be challenging. It would be ideal to have one software that could do everything.

Ottawa Community Housing

Stakeholders from Ottawa Community Housing (OCH) were interviewed to gain insight into OCH's processes and the challenges the organization currently faces. The following summarizes key discussion topics from the interview:

1. An internal resource is responsible for the BCAs been performed for the portfolio. The BCA results are used for projecting.
2. A prioritization methodology is used for projects. Prioritization criteria include:
    - The highest priority is safety (something that is related to an immediate life safety issue for tenants, staff or public).
    - Critical building systems – for example, the failure of heating system or system of the building that will result in immediate impact to maintain occupancy of the building (e.g., if the heating system fails in the winter the building cannot be occupied).
    - Legislative changes to meet code requirements, like fire code or new by-laws that the City is enforcing.
    - Building integrity – impacts occupancy but not the whole building, e.g., leakage related, roof, etc.
    - Cyclical replacements – OCH tries to extend the lifecycle of assets. Therefore, age is not fully relied on when scheduling replacements.

3. What is the threshold for when something becomes capital?
    - Planned capital refers to failure that has not occurred yet but is imminent/high risk.
    - Demand capital refers to restorations and work that needs to be done, e.g., roof leaks. In the past, work was rolled in with the planned capital budget but OCH is trying to better distinguish the two where the capital budget does this work, but it is shown how much of the capital budget was unforeseen and how much they needed to deviate from the plan, etc.
    - Over the last 5 years, restoration projects have eaten into the long-term project bucket.
    - Historically, demand capital has impacted the planned capital since they shared the same bucket.
    - There are four buckets of capital – each of these have their own methodology on how to spend the money.
        - Asset renewal/long-term capital works
        - Building systems/operations
        - Restoration – result of floods, fires, mold, tenant damage, etc.
        - In-unit work – flooring, turnover, kitchen cabinets, etc.
4. How is spending on restoration controlled?
    - In-unit they've always had an envelope which is last year's budget plus inflation.
    - Once the budget is spent, no more money is spent. There is an opportunity to see if they are getting value for money, but they would most likely spend around the same amount due to more need than available funding.
    - Restoration – if a unit is occupied and there is a restoration issue, it is fixed. There is no deferral of fixing those units as these are serious repairs. Vulnerable tenants and building age could be contributors to the substantial increase in restoration costs.
    - Restorations needs have skyrocketed. It was $2M in 2019 and has quadrupled.
5. Measures and KPI
    - The current FCI is around 6% and it is expected to trend upwards due to CMHC funding that will stop. The FCI target is 5%.
    - OCH has tried to benchmark cost per door with other housing corporations. This includes identifying the cost of maintaining units in current portfolio in comparison to building new units. The current cost per door is $6k-$7k.
    - OCH wishes to explore joint submissions to the provincial and federal governments (with TCHC)
6. It is recommended that TCHC continues collaborating with other large community housing corporations.

2023 Strategic Financial Sustainability Plan Report (Ernst & Young LLP)

British Columbia primarily uses non-profits to deliver services (approximately 85 percent of services are delivered by partners), managed through the provincial housing authority, BC Housing. Only for properties where there is limited market appetite to own would BC Housing remain the landlord. Funding flows from the Province to BC Housing, who review the financial budgets submitted by each provider at the building level. However, capital funding for maintenance is largely flat and not estimated using a bottom-up budgeting exercise, resulting in some much-needed capital projects being deferred, increasing overall operating costs, negatively impacting the quality of buildings, and hindering the sustainability and climate resilience priorities of the province.

b. The Government of **Alberta** is seeking to shift to a funder and regulator of affordable housing, moving away from owning and operating assets towards funding and policy development. This new asset management approach – the 'Stronger Foundations' framework – is designed to use innovative

approaches for partnerships with the non-profit and private sectors to grow the supply of affordable housing. Through real estate asset transfer and redevelopment opportunities, new housing models such as mixed-income developments may leverage new approaches to partnerships and provincial funding tools to grow the supply of affordable housing.

c. The **Region of York** is investing in non-profit capacity and capability to develop and operate affordable community housing. The goal is to have more equitable access to funding, rather than government funds going to a government housing corporation. This will also enable the region to shift to a system planning, oversight, and funder role, rather than landlord and service delivery.

d. The **Ottawa** Community Housing Foundation was established 11 years ago to provide programming to the Ottawa Community Housing Corporation (OCHC). This model enables the Foundation, a registered charity, to apply for grants, as well as be more responsive and agile to tenant needs. Staff at the Foundation and OCHC work together to understand tenant needs and connect tenants to appropriate services and programs.

ASEOP Model – Structure Executive Communication Framework

The AESOP model, an acronym for Accomplishments, Exceptions/Surprises/Opportunities, and Plans, is a structured communication tool designed to improve the quality, consistency, and strategic value of reporting to senior leaders. Originally adapted from executive reporting and performance management practices, AESOP helps staff organize and prioritize the information they share, ensuring it is relevant, timely, and actionable.

Accomplishments highlight recent wins, progress on goals, and completed initiatives, reinforcing performance and maintaining positive momentum. Exceptions/Surprises/Opportunities surface emerging risks, unexpected events, or promising developments that warrant attention, supporting transparency and avoiding information gaps that can lead to trust erosion or reactive management. Plans look ahead to upcoming activities, decisions, or dependencies, helping leaders anticipate resourcing needs, align on strategy, and avoid operational blind spots.

This model is particularly effective in complex public sector environments where executive teams are responsible for overseeing numerous initiatives across diverse divisions. By providing a consistent communication structure, AESOP reduces cognitive load for decision-makers, improves responsiveness, and fosters a culture of forward-looking, solution-oriented reporting.

Organizations that adopt AESOP often embed it into monthly updates, team dashboards, or executive briefing templates. Its clarity and adaptability make it a powerful tool for enabling upward communication, especially in asset management, capital planning, and service delivery environments where both accountability and agility are required.

Appendix C SOGR Planning Maturity Matrix

Category	Sub-Category	Ad-hoc (Reactive & Unstructured)	Developing (Basic & Emerging)	Established (Integrated & Systematic)	Leading Practice (Optimized & Strategic)
Governance	Strategic Objectives	No strategic objectives in place	Some objectives have been set, objectives are unclear, lack targets, or are not communicated	Objectives and targets set, not fully implemented throughout all divisions or regularly reported on	Deeply embedded , referred to, reported on, decision making
	Structure	No formal governance structure. Leadership response is primarily focused on immediate issues. Objectives not set. No documented policy or procedures.	Emerging governance structure with defined roles for some aspects of SOGR, some consideration of objectives. Policies exist but are applied inconsistently. Limited documented policy or procedures.	A formal governance structure with clear roles and accountability. Documented policy or procedures for key processes.	SOGR governance is fully embedded, with strategic oversight ensuring proactive renewal planning, and fully integrated with objectives. Formal, updated, and implemented policy and procedures.
	Decision-Making	Decisions are made independently within divisions with minimal coordination. No roles or responsibilities defined. Decisions are made reactively based on urgent failures.	Some roles and responsibilities are defined. Decision-making is partially collaborative, or with limited decisions informed by predictive analytics or strategic objectives. Decision-making is shifting towards more structured approaches.	Decision-making involves cross-division coordination, ensuring that different teams contribute to integrated planning. Limited connection of decision informed by predictive analytics or strategic objectives. Roles and responsibilities defined. Capital planning, lifecycle strategies, and risk assessments are included in decision-making and connected to objectives.	Decision-making is informed by predictive analytics, strategic objectives, and cross-functional collaboration. Roles and responsibilities defined, communicated, and consistently adhered to. Predictive analytics and risk-based decision-making guide investments.
	Accountability	No clear accountability for asset condition or capital spending.	Basic accountability measures are in place, but they are inconsistently enforced.	Roles and responsibilities are clearly defined for asset performance, capital delivery, and lifecycle planning.	A dedicated oversight committee ensures alignment between strategic, operational, and financial planning.
Planning (Asset-Based LOS, Costs, Risks & Capital Needs Forecasting)	General	Capital planning is unstructured, with projects selected based on immediate needs or failures. No integration between asset data and financial planning.	A short-term (3-5 years) capital plan exists, but it mainly consists of a project list rather than a long-term strategy.	A comprehensive 10-year capital plan is developed based on risk, service levels, and condition data. Lifecycle cost analysis informs project prioritization.	A long-term (20+ year) investment strategy integrates real-time asset data, service demand, and risk forecasting. Scenario-based planning is used to adapt to funding and policy changes.
	Asset Inventory & Condition Data	No formal asset inventory or condition assessments. Data reliability is low.	A basic asset inventory exists, but condition assessments are incomplete or inconsistently updated.	A regularly updated asset inventory is maintained, with structured condition assessments.	Real-time asset monitoring is in place, utilizing predictive analytics to forecast future conditions.
	Prioritization Framework	No formal prioritization process: projects are chosen based on immediate issues.	Some prioritization is in place, with risk considerations, but consistency is lacking, or criteria are not defined.	A defined framework balances risk, service levels, and lifecycle costs to prioritize projects effectively.	Advanced prioritization integrates predictive models and risk-based funding allocations to optimize capital spending.
Execution (Capital Delivery & Lifecycle Asset Strategies)	General	Capital projects are delivered reactively, with undefined scopes, frequent cost overruns, and delays. Projects frequently experience cost overruns and delays due to unstructured management.	Some lifecycle asset strategies exist, but preventive maintenance is inconsistently applied. Standardized project management is emerging, but cost tracking is limited. Basic project management principles are applied, but inconsistently.	A standardized project management framework (e.g., PMBOK) is in place, with strategic procurement and coordination between maintenance and capital teams optimizing asset renewal. A standardized project management framework ensures predictable and efficient project delivery. Preventive maintenance is an integral part of lifecycle strategies reducing long-term costs.	Capital projects are executed efficiently using advanced project management tools, digital workflows, and real-time monitoring. Advanced project management tools, data integration, and automation optimize project execution.
Monitoring & Reporting	General	No structured reporting on capital spending, asset conditions, or project performance. Data is fragmented across multiple systems, making it difficult to track asset health.	Some tracking exists, but reports are largely manual and focus primarily on financial expenditures rather than SOGR outcomes. Limited integration between asset management and financial systems.	Regular, standardized reporting on capital spending, lifecycle costs, and key SOGR performance metrics ensures informed decision-making.	Advanced analytics and predictive modeling drive proactive SOGR reporting. AI or technology-powered insights optimize funding allocation and project prioritization. Real-time dashboards provide a comprehensive view of asset conditions and capital program effectiveness.
	Data Integration	No integration between financial, operational, and asset management systems. Data is stored in separate systems without connection.	Some integration exists, but data remains siloed and is inconsistently updated.	Integrated asset and financial management systems provide reliable decision-making support.	Real-time data integration and AI-driven insights support strategic and operational planning.
	Performance Metrics	No performance metrics are tracked for capital projects or asset conditions.	Some metrics are tracked, but they are not consistently applied or used for decision-making.	Comprehensive performance tracking links asset condition, service levels, and financial planning.	Predictive analytics enhance performance tracking, enabling long-term planning and risk mitigation.

Appendix D TCHC Document and Consultation List

Documents Reviewed

- SOP Reference Document - CPU Tools and Data Sources
- SOP-01 Capital Budget 1OYR Plan Summary Process Map
- SOP-01 Capital Budget 1OYR Plan Summary
- SOP-02 Planned Capital Prioritization Process Map
- SOP-02 Planned Capital Prioritization
- SOP-03 Planned Capital Monitoring and Reporting Process Map SOP-03 Planned Capital Monitoring and Reporting
- SOP-04 Planned Capital Cost Estimation Process Map
- SOP-04 Planned Capital Cost Estimation
- SOP-O5 Capital Program FCI KPI Process Map
- OP-O5 Capital Program FCI KPI
- SOP-06 BCA Selection and Prioritization Process Map
- SOP-06 BCA Selection and Prioritization
- SOP-07 DE Capital Project Development Process Map
- SOP-07 DE Capital Project Development
- Dixington Crescent BCA
- Jarvis Carlton Apartments BCA
- Jarvis Carlton Apartments and Dixington Needs
- FM-2024 Category Report – November 13, 2024
- Item 9a - 2023 Facility Condition Index (FCI) Report
- Financial Control Bylaw No. 3
- Capital Expense Policy
- APPENDIX I - GUIDELINES DISTINGUISHING CAPITAL AND OPERATING EXPENSES
- TCHC Organizational Chart
- TCHC 2024 Annual Report
- TCHC webpage

Consultation Summary

The following stakeholders were consulted to gain insight into TCHC's practices and challenges.

- Allen Murray, October 31, 2024
- John Angkaw, October 31, 2024
- Karim Jessani, November 5, 2024
- Lily Chen, November 6, 2024
- Daisy Wong, November 21, 2024
- Jill Sutherland, November 21, 2024, and December 19, 2024
- Nadia Gouveia, December 11, 2024
- Luisa Andrews, December 11, 2024, and December 19, 2024
- Catarina Pires, December 19, 2024
- Ada Wong, January 7, 2025
- Vinta Jajware-Beatty, January 21, 2025
- Operations Team, January 14, 2025
    - Aimee Corrado
    - Bob Macdonald
    - Cezar Capati
    - Cosmin Floroiu
    - Dan OConnor
    - Dave Eldridge
    - Ion Andreiev
    - John Perkovic
    - Likwa Nkala
    - Marlon Roomes
    - Terrence Smith
- Adele Imrie, January 16, 2025
- Nick Macrae, January 22, 2025
- Facilities Management Team, January 23, 2025
    - Andy Shewchuk
    - Domenic Montesano
    - Ed Wieczorek
    - Flora Pannunzio
    - Jill Sutherland
    - Reza Hamidi
- John Campbell, April 3, 2025

Appendix E Document References

[i] https://www.ontarioconstructionnews.com/construction-costs-in-toronto-continue-soaring?

[ii] https://greenbuildingcanada.ca/labour-shortage-construction-canada/

[iii] https://www.ontarioconstructionnews.com/torontos-59-6-billion-2025-capital-budget-largest-plan-in-history-focuses-on-housing-infrastructure

[iv] https://www.toronto.ca/legdocs/mmis/2015/ah/bgrd/backgroundfile-79525.pdf

[v] https://torontohousing.ca/sites/default/files/2025-02/TCHC-Strategic-Plan-2025-2029-final.pdf

[vi] https://www.toronto.ca/legdocs/mmis/2025/bu/bgrd/backgroundfile-252530.pdf

[vii] Report to Board of Directors, January 4, 2024, 2024 Capital and Operating Budgets, TCHC 2024-01 (service measures on page 16/81).