



## A new approvals framework for Toronto Community Housing Corporation revitalization projects

**Date:** April 12, 2019

**To:** Planning and Housing Committee

**From:** Deputy City Manager, Community and Social Services

**Wards:** All

### SUMMARY

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Toronto Community Housing Corporation undertakes revitalization projects in communities across Toronto. Revitalization projects aim to address issues relating to long-term maintenance costs associated with aging housing stock, generate funding to renovate and replace social housing stock, and provide opportunities for community development and investment through improved design, additional facilities and services, and community economic development initiatives. As Toronto Community Housing Corporation's sole Shareholder, Service Manager, and as a municipality holding approval authority for planning applications, the City has a number of mechanisms to approve and consent revitalization in Toronto Community Housing Corporation communities. The City also makes contributions to the costs of revitalization. After nearly twenty years of revitalization activities, there is an opportunity to develop a clear and transparent framework for approvals and consents to better align revitalization projects with the objectives of the upcoming Toronto Housing Strategy 2020 – 2030, the City-wide Real Estate Strategy, and the work of Tenants First to review the mandate and funding for Toronto Community Housing Corporation. A new approvals framework is critical for ensuring that the City is able to take opportunities to strategically and cost-effectively achieve city-building objectives through revitalization projects.

This report outlines a new approvals framework for revitalization, including a new Initial Development Proposal report to be submitted for Council approval before procurement for a development partner begins. This framework provides Council with critical information regarding the nature and scale of proposed revitalization projects, earlier in the process to enhance Council's oversight and support informed decision-making, as well as creating an opportunity to take a more integrated approach to city-building on Toronto Community Housing Corporation and City lands.

The framework adopts a staged approvals process that is currently under development for all major capital projects (for example, see EX4.1 Toronto's Transit Expansion Program - Update and Next Steps). The "stage gate process" identifies the stages of

work throughout a capital project's lifecycle and ensures key decisions are made at defined stages of a project. Key features of the stage gate process include aligning City Council's funding decisions with the appropriate level of project design and providing an appropriate level of project oversight to project stakeholders.

## **RECOMMENDATIONS**

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The Deputy City Manager, Community and Social Services recommends that:

1. City Council amend the Shareholder Direction to require Toronto Community Housing to work with City divisions and agencies in planning and implementing revitalization projects, to ensure that revitalization projects contribute appropriately to city-building objectives.
2. City Council, acting as Shareholder, direct the Board of Directors of Toronto Community Housing to adopt a stage-gating approach to seeking Council consents and approvals as outlined in Attachment 1, and to provide the required information to City divisions and agencies as outlined in Attachment 2.
3. City Council direct that the following revitalization projects enter the stage-gating approach at the following steps:
  - a. Don Summerville: Seek approval to pass Stage Gate 1
  - b. Firgrove: Seek approval to pass Stage Gate 1
  - c. Lawrence Heights Phase 2: Seek approval to pass Stage Gate 2

## **FINANCIAL IMPACT**

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There are no financial impacts resulting from this report, which proposes a new approvals framework. However, as revitalization projects come forward, Toronto Community Housing Corporation is asked to follow the framework as outlined in Attachment 1 and submit estimates for City contributions for Council consideration.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

## **EQUITY IMPACT**

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The revitalization of Toronto Community Housing Corporation communities enhances the quality of housing for low income households through new and refurbished homes and new local amenities. The revitalization of Toronto Community Housing Corporation communities meets the City of Toronto's priorities and Toronto Community Housing Corporation's objectives for creating positive tenant experiences, quality homes, and vibrant communities.

Redeveloping existing social housing and leveraging City-owned land to build additional affordable housing will increase the opportunity for lower-income and vulnerable

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individuals and families, including those not living in Toronto Community Housing Corporation, to access safe, healthy and adequate homes. This will also assist in improving Toronto's economic and social well-being and easing health, justice and social costs.

Community economic development is an important part of revitalization, and Toronto Community Housing Corporation incorporates social procurement principles in the procurement process for development partners. Social procurement encourages local hiring and creates employment, training and apprenticeship opportunities for people experiencing economic disadvantage, including tenants of Toronto Community Housing Corporation.

## **DECISION HISTORY**

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Council's ten year affordable housing plan, Housing Opportunities Toronto, was approved by City Council at its meeting of August 5 and 6, 2009. The report identifies a key City action to "support the efforts of Toronto Community Housing to implement its Real Estate Asset Investment Strategy" and "support and participate in the revitalization of 13 social housing communities."

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

In October 2012, City Council endorsed the report of Special Housing Working Group, titled, "Putting People First, Transforming Toronto Community Housing", including requesting Toronto Community Housing Corporation to work with the City Manager's Office to develop a five-year capital financing plan. The capital financing plan was to include investigating and reporting on the feasibility, the business case and implementation strategy associated with opportunities including: re-capturing value from new affordable housing developments; shifting financial risk of new development and revitalization; and leveraging land assets through infill and intensification.

<http://app.toronto.ca/tmmis/viewAgendaItemDetails.do?function=getMinutesItemPreview&agendaItemId=38176>

In November 2013, City Council approved the Toronto Community Housing Ten-Year Capital Financing Plan, and directed Toronto Community Housing Corporation to report annually, through the Toronto Community Housing Annual Report to Council, on items including reductions to the capital repair backlog due to the sale of assets and/or revitalization.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.ex35.4>

A new real estate service delivery model for the City government was approved by City Council at its meeting of May 24, 25 and 26, 2017. The resulting entity, Create TO, is envisaged to centralize all real estate activities City-wide, including all real estate strategy and portfolio planning, major building projects, developments, real estate transactions and facilities management,

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX25.9>

In January 2019, City Council directed the Deputy City Manager, Community and Social Services, to report back to Planning and Housing Committee by the second quarter of 2019 on a framework that provides that Toronto Community Housing Corporation includes net new affordable rental units as part of all new development projects on its lands.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX1.1>

## COMMENTS

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### Introduction

This report proposes a new approvals framework for revitalization, provides an overview of completed and active revitalization projects in Toronto Community Housing Corporation communities, and outlines opportunities to achieve city-building objectives through revitalization projects. Currently, Toronto Community Housing Corporation is required to seek Shareholder consent for revitalization, Service Manager consent for redevelopment, and approvals for planning applications (see Attachment 3 for current approvals and consent process). However, these requirements have not been enforced consistently for all revitalization projects.

For clarity, "redevelopment/revitalization" includes any renovation, replacement or development of Toronto Community Housing Corporation buildings that requires consent from the Service Manager or Shareholder. The new approvals framework will apply to any demolition and reconstruction of multiple buildings while also constructing new facilities or infrastructure, including redevelopment/revitalization projects that propose infill but do not require demolition. This new approvals framework will not apply to phases of redevelopment/revitalization projects that have already received Shareholder and Service Manager consent.

As requested in 'Implementing the "Housing Now" Initiative' report (EX1.1), this new approvals framework outlines a consistent process for City consultation, approvals and consents related to revitalization projects in Toronto Community Housing Corporation communities. The framework creates opportunities for the City to work with Toronto Community Housing Corporation to meet city-building objectives, including delivering net new affordable rental units as part of new development projects on its lands. The framework will also ensure that Toronto Community Housing Corporation projects are better aligned with City priorities, major infrastructure projects, and potential redevelopment of City lands including facilitating the development of complete communities with a range of housing opportunities that includes social, affordable and market housing. The framework also includes expectations for Toronto Community Housing Corporation to engage with ward councillors to discuss revitalization plans, before consulting with tenants. Finally, the framework requires improved financial forecasting and reporting to enable the City to understand the costs associated with providing net new affordable housing units, and to develop an integrated funding strategy for revitalization. Ongoing monitoring will be provided through the Toronto Community Housing Annual Report.

Staged decision-making allows the City and Toronto Community Housing Corporation to make more informed decision as projects advance through their lifecycle. The proposed approvals framework is aligned to the stage-gating process currently under development for all major capital projects (for example, see EX4.1 Toronto's Transit Expansion Program - Update and Next Steps), including taking a common approach to identifying major phases of projects, key funding decisions, and using consistent cost estimate classifications.

It is important to acknowledge that the City's Auditor General is also preparing a report on redevelopment and revitalization of Toronto Community Housing Corporation communities. The audit will assess how: Toronto Community Housing Corporation revitalization projects leverage land value through development partnerships; how Toronto Community Housing Corporation and the City oversee redevelopment projects; and how Toronto Community Housing Corporation's revitalization program contributes to city-building priorities. The Auditor General's report is forthcoming.

### **Opportunity to review approvals framework for revitalization**

The City and Toronto Community Housing Corporation now have nearly twenty years of experience planning and implementing revitalization. Learning from these experiences, there is an opportunity to enhance initial and on-going oversight to ensure that the City can take opportunities to strategically and cost-effectively achieve city-building objectives through Toronto Community Housing Corporation revitalization projects. Revitalization on Toronto Community Housing Corporation lands already contribute to city-building objectives through contributions under s.37 of the Planning Act, supporting public art and providing land for open space. Given this, plus the City's recent contribution to funding development shortfalls for Toronto Community Housing Corporation revitalization projects, the City's focus on building affordable housing (including through the Housing Now initiative), and the direction to centralize real estate activities across the City, it is appropriate to:

- Conduct a review of the objectives of Toronto Community Housing Corporation revitalization program and recommend any changes to the program to best contribute to city-building objectives.  
including providing strategic direction regarding revitalization to Toronto Community Housing Corporation through defining short-, medium- and long-term outcomes for revitalization in the Toronto Housing Strategy 2020-2030;
- Create an opportunity for City Council to review and approve specific revitalization projects, and requests for funding, at an early stage in the planning and development process; and
- Promote better collaboration and shared capacity-building between Toronto Community Housing Corporation, the Affordable Housing Office and CreateTO to ensure decisions to refurbish, infill, or rebuild on a specific site are aligned with City strategies and initiatives, including the Citywide Real Estate Strategy.

### **Proposed approvals framework for revitalization**

Both the Toronto Community Housing Corporation Board of Directors and City Council play important roles in approving revitalization projects in Toronto Community Housing Corporation communities. The Toronto Community Housing Corporation Board is  
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responsible for key decisions including approving funds for concept development and preliminary design, approving the project budget and schedule for Toronto Community Housing Corporation-led elements of revitalization projects, and authorising the procurement process. City Council is responsible for approving funds for City contributions to revitalization, as well as providing Shareholder and Service Manager consent and planning approvals (see Attachment 3 for a description of the current consent and approval process for revitalization projects).

The proposed new approvals framework process is as follows (see detailed diagram in Attachment 1):

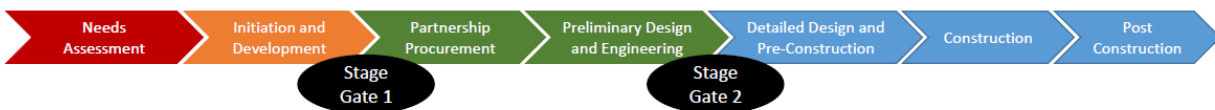


Figure 1 Phases and stage-gates for Council consents and approvals under new approvals process

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

Table 1 Summary of stage-gates

### *Needs Assessment Phase*

In 2003, Toronto Community Housing Corporation developed a Long-Term Real Estate Portfolio Strategy, which outlined a vision for Toronto Community Housing Corporation to be a strategic partner in city-building efforts, through the revitalization of healthy and diverse communities. In 2007, Toronto Community Housing Corporation and the City identified 13 revitalization sites, as well as existing projects at Don Mount Court and Regent Park, as part of a corporation-wide Asset Regeneration Program. Since 2007, further sites have been identified for revitalization through refurbishment and infill development. Toronto Community Housing Corporation has also planned new-build developments at West Donlands and Railways Lands, as well as small-scale redevelopments at 42 Hubbard Boulevard and 717 Broadview Avenue. Under the new approvals framework, the City and Toronto Community Housing Corporation will work together to identify and prioritize possible sites for revitalizations.

A new approvals framework for Toronto Community Housing Corporation revitalization projects

The new approvals framework also sets expectations for Toronto Community Housing Corporation to consult with ward councillors to discuss proposed revitalization projects, before beginning preliminary consultation with tenants.

#### *Initiation and Development Phase*

Toronto Community Housing will meet with an inter-divisional table comprising representatives from City Planning, Create TO, the Affordable Housing Office, Shelter Support and Housing Administration and other Divisions or agencies as appropriate.

Requiring this consultation will ensure that the City and Toronto Community Housing Corporation work together to identify:

- priority sites for revitalization
- opportunities for additional affordable housing;
- opportunities to integrate public investment in new and renewed physical and community infrastructure; and
- other contributions to city-building objectives through revitalization projects on City and Toronto Community Housing Corporation lands.

During the Initiation and Development phase, preliminary consultation with tenants must balance the benefits of sharing information with tenants in the early stages of a project to inform them about possible changes to their community, with the risk of raising expectations which may not be met if a revitalization project does not proceed.

Engagement could be carried out jointly with City divisions or agencies and Toronto Community Housing Corporation, if appropriate.

#### *Stage Gate 1 - City Council approves Initial Development Proposal report*

Prior to beginning the preliminary design and engineering phase, Toronto Community Housing will be required to submit to the City Manager an Initial Development Proposal Report before procurement is initiated for a development partner. This report must have been approved by the Toronto Community Housing Corporation Board before it is submitted to City Council. This report must outline, to the satisfaction of the City Manager:

- The specific project concept, including details on the proposed site plan, density, built form and phasing plan; mix and type of social, affordable and market housing; and new and replacement community facilities and other amenities;
- The issues and opportunities for achieving city-building goals through revitalization identified through consultation with City divisions and agencies;
- Record of engagement with ward councillor, preliminary consultation with tenants; and
- Recommended next steps, including consultation, and timeline for planning approvals.

To enhance City Council's oversight of the potential funding contribution that may be requested from the City, including any development shortfall or proposed public investment in services, facilities and infrastructure, the Initial Development Proposal report will require Toronto Community Housing Corporation to provide a preliminary cost estimate (Class 4) for City contributions. This cost estimate will be based on a very low

level of design and must be received as a preliminary estimate, and not as a forecast of costs to which Toronto Community Housing Corporation can be held accountable in future.

The Initial Development Proposal report will be considered by Executive Committee, following due diligence by City staff, who will recommend City Council to approve the project concept and approve-in-principle the funding commitment for City contributions. Following this approval-in-principle, City contributions will be added to the S-7 list of unfunded capital projects.

Requiring this Initial Development Proposal report will allow City Council to enhance oversight of Toronto Community Housing Corporation revitalization projects to ensure that revitalization projects contribute to city-building objectives when possible, including increasing the supply of affordable housing. City Council should be aware that the project concept described in the Initial Development Proposal report will likely differ from the final project, because of changes introduced through the planning approval process, as well as shifts in the housing market, variations in cost projections, impact of developer proposals, and other factors.

#### *Partnership Procurement Phase*

Toronto Community Housing Corporation undertakes the procurement process. During the Procurement phase, Toronto Community Housing Corporation will be required to consult with CreateTO to define the business terms for the project. Once the business terms are defined, Toronto Community Housing Corporation will be required to submit the proposed business terms negotiated with their development partner for an independent financial review by the City. The following information must be submitted for independent financial review:

- kind of partnership entered into
- land price (per square foot)
- net proceeds to Toronto Community Housing Corporation (if any)
- rental replacement cost and total number of units
- affordable rental unit cost and total number of net new affordable rental units (if any)
- timing of payments/deposits to Toronto Community Housing Corporation
- Community Economic Development commitments
- other monetary benefits to Toronto Community Housing Corporation
- level of certainty around above financial estimates

These business terms will be reviewed by CreateTO. The independent financial review will not be submitted for approval by Council, but provides additional information to guide Council's decision to grant Shareholder and Service Manager consents.

Requiring this independent review provides an opportunity for City Council to receive confidential advice about the business terms negotiated by Toronto Community Housing Corporation with their development partner. Currently, Toronto Community Housing Corporation revitalization projects are largely funded through a deal with their development partner which combines a fixed payment for land, and an arrangement to share profits. These deals allow Toronto Community Housing Corporation to guarantee compensation for the sale of land and participate in the measured risk and reward of



market development. This review will ensure that the decisions made by Toronto Community Housing Corporation regarding risk, return and deal structure are aligned with the City's interests and best practice.

#### *Preliminary Design and Engineering Phase*

Toronto Community Housing Corporation undertakes the design and engineering work for the revitalization project. Toronto Community Housing Corporation's revitalization projects require the same planning approvals as any development project in Toronto, including zoning by-law amendments, site plan control and rental housing demolition approval as well as Official Plan amendments and plan of subdivision where necessary. Given the community impact and transformative potential of revitalization, plans for all revitalization projects will be developed through comprehensive planning processes involving various divisions and agencies of the City and extensive public consultation processes engaging tenants and the wider community.

#### *Stage Gate 2 - City Council approves Corporate Actions report and Planning report*

Once the Preliminary Design and Engineering Phase is completed, City staff will prepare a Corporate Actions report which will outline the consents requested from the Shareholder under the Shareholder Direction, and the consents requested from the Service Manager under the Housing Services Act. The independent review of business terms will be appended by the Chief Financial Officer and Treasurer as a confidential attachment to the Corporate Actions Report. Toronto Community Housing Corporation will also be required to submit to City Council a full, detailed cost estimate with financing details (Class 3). This cost estimate will be attached to the Corporate Actions report presented to Executive Committee to seek Shareholder and Service Manager consents, as well as City financing commitments, subject to the annual budget process.

Following Stage Gate 2, the revitalization project will progress through *Detailed Design and Pre-Construction, Construction, and Post-Construction* phases.

Throughout the lifecycle of each revitalization project, Toronto Community Housing Corporation will be required to include details of each Council-approved revitalization project, evaluated against agreed objectives and measures, in the Annual Report submitted each year to the City Manager. Requiring these details will ensure City Council has regular opportunities to review revitalization projects and their contribution to city-building objectives.

### **Overview of revitalization projects in Toronto Community Housing Corporation communities**

The seven completed or active revitalization sites approved by Council, and progress to date, are outlined in the table below:

<b>Consent reports: Report title and date adopted by Council</b>	<b>Site</b>	<b>Status</b>
2003 "Toronto Community Housing Corporation Redevelopment of Don Mount Court - Approval Under the City's Shareholder Direction and the Social Housing Reform Act, 2000"	Don Mount Court	Completed
2003 "Regent Park Revitalization – City Actions"	Regent Park	Phase 1 and 2 completed; Phase 3 under construction; Phase 4 & 5 undergoing Request for Proposal process for Developer Partner
2010 "Corporate Implementation Actions and Social Development Plan" (Phase 1)	Lawrence Heights	Phase 1 under construction; Phase 2 to begin Request for Proposal process for Developer Partner in early 2020
2012 "Alexandra Park Revitalization - Corporate Actions and Social Development Plan"	Alexandra Park	Phase 1 completed; Phase 2 undergoing planning approvals process
2013 "Allenbury Gardens Revitalization - Corporate Actions"	Allenbury Gardens	Phase 1 completed; Phase 2 under construction
2016 "Leslie Nymark Revitalization - Corporate Actions"	Leslie Nymark	Under construction
2016 "250 Davenport Road - Corporate Actions"	250 Davenport	Under construction

Table 2 Overview of revitalization projects

There are two further revitalization projects planned at Don Summerville, and Firgrove. Through a public procurement process, a developer has been selected for Don Summerville and an MoU signed by both parties. Toronto Community Housing Corporation plans to submit planning approvals for both Firgrove and Don Summerville in 2019. Neither project has yet received Shareholder or Service Manager consent from Council.

### **Providing clear strategic direction through the Shareholder Direction and Toronto Housing Strategy 2020-2030**

In the past, the City has not directed Toronto Community Housing Corporation to deliver net new affordable rental units through revitalization projects. As the City's Local Housing Corporation, the core mandate of Toronto Community Housing Corporation is to provide affordable and subsidized rental housing in a state of good repair to low and

moderate income households in Toronto. Within the Shareholder Direction, Toronto Community Housing Corporation is also mandated to:

- develop new affordable and subsidized rental housing through the revitalization and redevelopment of Toronto Community Housing Corporation lands and building in partnership with the City, other orders of government and other parties where considered appropriate by Council; and
- facilitate the development of affordable housing through the revitalization and redevelopment of its lands and buildings in partnership with the City, other orders of government and other parties where considered appropriate by Council (4.1.b and 4.1.c).

In 2012, the City's Special Housing Working Group identified three key objectives for revitalization and redevelopment in Toronto Community Housing Corporation communities:

- Modernizing TCH's housing through new construction and intensification thus reducing the backlog;
- Generating additional revenue to pay for revitalization and shifting the financial risk to other partners; and
- Creating jobs and boosting the economy, including opportunity and employment for residents.

The approach taken by Toronto Community Housing Corporation to meet these objectives has been to focus on revitalization projects which maintain or replace, but do not increase, the existing number of rent-geared-to-income (RGI) units. With the exception of Regent Park, these revitalization projects have included few new affordable rental housing units, relative to the number of new market units. Completed and ongoing revitalization projects illustrate three reasons for this:

- Even with the introduction of significant numbers of market units, it is difficult for Toronto Community Housing Corporation to generate sufficient income to cover the costs of replacing existing RGI units;
- Based on the densities approved through the planning process, any new affordable rental units would displace market units, which are critical for funding RGI units;
- Funding for affordable housing has not been available.

The new Toronto Housing Strategy, currently being led by the Affordable Housing Office, offers an opportunity for the City to review the Toronto Community Housing Corporation revitalization program and to set clear city-building objectives for revitalization projects on both City and Toronto Community Housing Corporation lands, including providing net new affordable housing.

### **New approvals framework will create opportunities for Council to review specific revitalization projects**

Through introducing a new Initial Development Proposal report for consideration by City Council, the new approvals framework will create an opportunity for City Council to

review specific revitalization projects, including decisions made about the nature and scale of revitalization. For every project, Toronto Community Housing Corporation makes a decision regarding the optimal repair/redevelopment/revitalization approach to regenerate assets and increase community wellbeing, including whether to refurbish and repair existing buildings, to infill by adding new buildings to an existing community, or to demolish and replace buildings. Factors in these decisions include the condition of the housing, the size of the project site, planning constraints, the attractiveness of the location to the market, and the ability to contribute to city-building objectives through revitalization.

Toronto Community Housing Corporation undertakes a range of projects. Most completed and on-going redevelopment projects have been multi-phased large-scale revitalizations, demolishing and replacing multiple buildings on a larger site. Toronto Community Housing Corporation has pursued these large-scale projects due to their location and market viability as well as the city-building benefits achieved through site reorganization and new and renewed community infrastructure. Toronto Community Housing Corporation has also advanced infill projects on selected smaller sites, such as 250 Davenport Road, where site conditions enable intensification that does not adversely impact existing social housing units. In the case of 250 Davenport, infill development has helped to finance the refurbishment of the existing Toronto Community Housing Corporation building on site and provide new amenity space for tenants.

A large-scale revitalization model is not, however, financially viable on all sites. The potential to generate income to fund revitalization decreases for sites further from the city centre, and small scale sites generally present significant barriers to full-scale revitalization due to their smaller size, poor market locations and/or planning challenges. For many of these communities, the community and social benefits of revitalization can be replicated through public investment in building refurbishment, targeted urban design interventions and investments in local economies and facilities.

The new approvals framework requires staff from City divisions and agencies to create an interdivisional table with Toronto Community Housing Corporation to review revitalization proposals and ensure that revitalization of Toronto Community Housing Corporation communities contribute to achieving a broad range of City priorities. These priorities include:

- *Increasing affordable housing supply:* The City has made a commitment to build 40,000 new affordable rental homes by 2030 (EX1.1). Revitalizing Toronto Community Housing Corporation communities could be a critical part of building new affordable housing units. The new approvals framework provides opportunities to better integrate revitalization of Toronto Community Housing Corporation communities with the work of the Affordable Housing Office.
- *Improving infrastructure planning:* The City recognises the value of better coordinating major building projects with programs, service and infrastructure planning. Revitalization projects should be developed to complement and contribute to planned program, service and infrastructure improvements, including new transit stops and community amenities. The new approvals framework ensures City divisions and agencies such as Shelter, Support and Housing Administration, and

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CreateTO are able to identify opportunities for coordination, before detailed planning begins.

- *Centralizing real estate activity:* The City has approved the consolidation of real estate transaction service activities across City divisions, agencies, and corporations, and established CreateTO to manage the City's real estate portfolio, and to develop City buildings and lands for municipal purposes. Both Toronto Community Housing Corporation and CreateTO have experience in development and redevelopment, and manage large portfolios of land. Through the new approvals framework for revitalization, CreateTO will be able to identify land owned by the City in close proximity to Toronto Community Housing Corporation revitalisation sites, and ensure that opportunities to jointly undertake comprehensive revitalization of City and Toronto Community Housing Corporation lands are identified.

Major issues and significant opportunities identified through consultation with the inter-divisional table will be recorded in the proposed Initial Development Proposal report. Staff from Social Development, Finance and Administration will coordinate a review of the Initial Development Proposal report, and both the report and the staff review will be presented to City Council.

### **New approvals framework will create opportunities for Council to review any financial implications of revitalization**

The new approvals framework enhances oversight by allowing City Council to review the financial implications of revitalization projects, understand the business terms agreed with the development partner, and monitor the progress of revitalization projects, including any forecast requirements for additional funding. The framework also allows City Council to take a consistent approach to staged decision-making for major capital projects.

The City has made one-off and ongoing financial contributions to revitalization projects at Toronto Community Housing Corporation, but does not have an integrated funding strategy to support revitalization projects. In 2016 (EX26.2), the City requested Tenants First to develop an interim operating and capital funding model, to be considered as part of the 2018 budget process to fund Toronto Community Housing Corporation in 2018 and 2019. This interim funding model includes covering the shortfall in development income to meet the costs of development for active revitalization projects, as reported by Toronto Community Housing Corporation, through the City's Capital Budget. According to Toronto Community Housing Corporation, this shortfall has resulted from the projects where no further land sales are anticipated. This funding totalled \$56m in 2018, and \$22m in 2019. In 2017 (BU30.1), City Council requested the Deputy City Manager and Chief Financial Officer to submit an amendment to the 2017 Operating Budget, to increase the Service Manager's subsidy to Toronto Community Housing Corporation to:

- (i) make a \$6.0 million capital contribution to Toronto Community Housing Corporation in 2017 towards the unfunded costs associated with Phase 3 of the Regent Park Revitalization; and
- (ii) fund all periodic principal and interest payments payable by Toronto Community Housing Corporation to its lenders for the loans for the balance of the unfunded capital

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costs, in an amount not to exceed \$6.0 million annually commencing in 2018 and for a term not to exceed 30 years.

Undertaking revitalization projects in Toronto Community Housing Corporation communities also has implications for the permanent funding model for Toronto Community Housing Corporation currently under development by the Tenants First Project Management Office. Under the interim funding model, Toronto Community Housing Corporation received \$160m for 2018 and \$173m 2019 to address the capital backlog required to restore buildings to an acceptable Facilities Condition Index (FCI). Revitalization has a positive influence on the capital repair backlog. As communities are revitalized, all deferred capital maintenance that contributes to the capital backlog within those communities is eliminated. Future capital required to maintain an acceptable FCI is also lower, because the buildings are new. Instead, capital investment is required upfront to demolish existing buildings and develop new buildings.

In addition, the City of Toronto has made significant contributions to revitalization projects through hard costs, including providing municipal infrastructure (e.g. planning and building roads at Regent Park and Lawrence Heights), site servicing (egg. providing services to new development), construction of new affordable units, community facilities and public spaces, or other costs. Further financial support is provided by exempting some Toronto Community Housing Corporation developments from planning application fees, building permit fees, municipal development charges, parkland dedications, property taxes, and contributions under s.37 of the Planning Act. Where revitalization projects require infrastructure in addition to investments approved in capital, service and secondary plans, the City needs to be informed of the potential costs to the City for additional services and infrastructure.

### **Future considerations**

In 2017, City Council agreed (EX25.9) that Toronto Community Housing Corporation would be excluded from:

- the rescinding of delegation of authorities for real estate matters;
- the consolidation of real estate transaction service activities across City divisions, agencies, and corporations; and
- the consolidation of facility services and state-of-good-repair capital delivery from divisions, agencies, and corporations, during the three year 'incubation period' for the consolidated real estate agency now known as CreateTO.

When this incubation period ends in 2020, the City may review the role that Toronto Community Housing Corporation plays in real estate. This proposed approvals framework for revitalization may also need to be reviewed at that point.

### **Conclusion**

The City has strong interests in shaping revitalization in Toronto Community Housing Corporation communities to deliver city-building objectives, including net new affordable housing. As sole Shareholder of Toronto Community Housing, Service Manager and A new approvals framework for Toronto Community Housing Corporation revitalization projects

approval authority under the Planning Act, the City has a range of mechanisms to approve and consent revitalization projects. This report introduces a new approvals framework which requires Toronto Community Housing Corporation to collaborate with City agencies and divisions, submit an Initial Development Proposal report, and follow requirements for financial reporting and monitoring, consistent with other Major Capital Projects. This framework will enhance City oversight of revitalization projects, and ensure that Toronto Community Housing Corporation, City divisions and City agencies work together to take a more integrated approach to revitalization. If approved by Council, elements of this new approvals framework will be applied to upcoming revitalization projects, including Firgrove, Don Summerville, and Lawrence Heights Phase Two to ensure that city-building objectives are achieved.

## **CONTACT**

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## **SIGNATURE**

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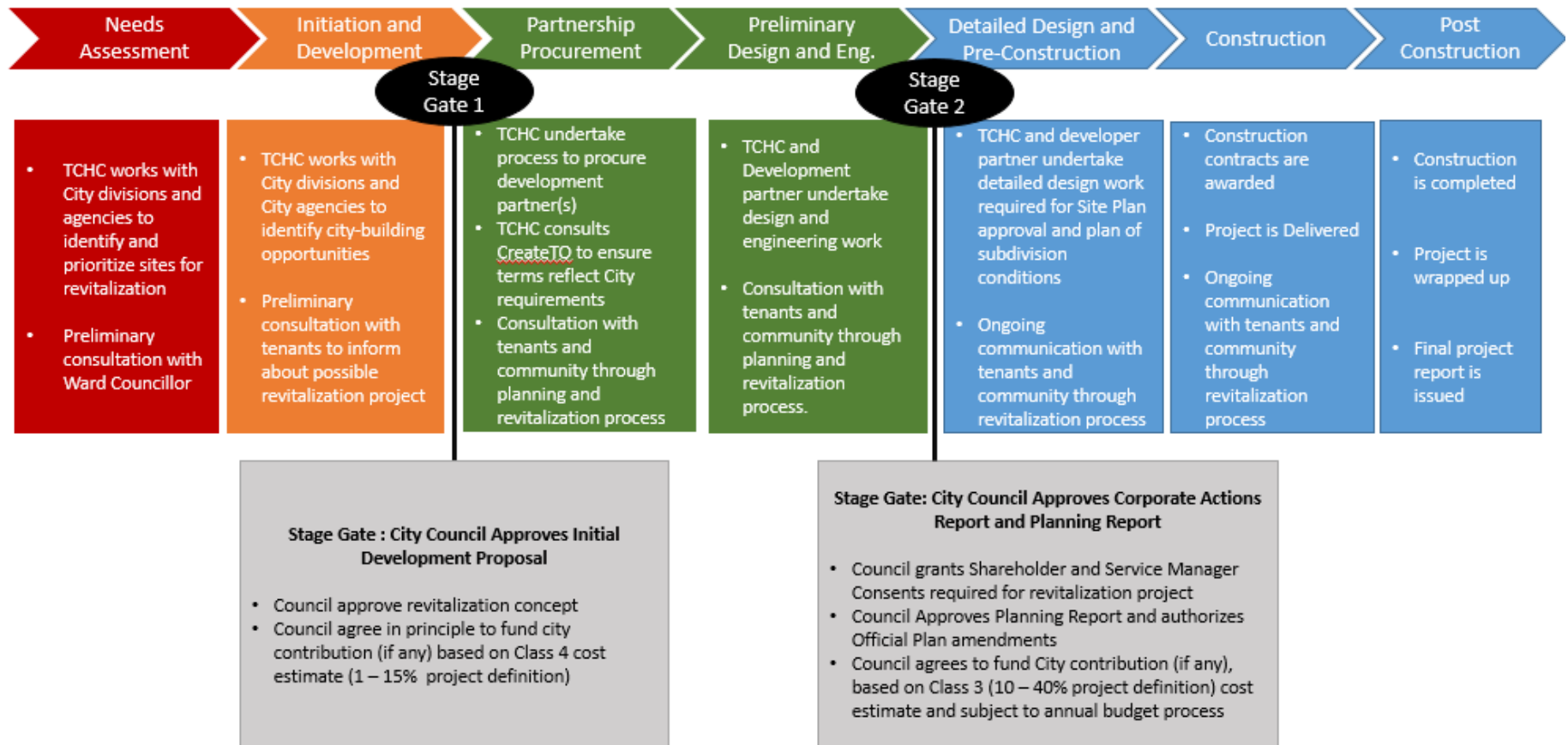
Giuliana Carbone  
Deputy City Manager, Community and Social Services

## **ATTACHMENTS**

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Attachment 1 - Stage-gating approach for seeking Council consent and approvals  
Attachment 2 - Outline of information required for reports to seek Council consent and approvals  
Attachment 3 - Current consent and approval process for revitalization projects

## ATTACHMENT 1 - STAGE-GATING APPROACH FOR SEEKING COUNCIL CONSENT AND APPROVALS



**On-going monitoring: TCHC Annual Report to Shareholder includes evaluation of each in-flight revitalization project against agreed objectives and measures.**



## ATTACHMENT 2 - OUTLINE OF INFORMATION REQUIRED FOR REPORTS TO SEEK COUNCIL CONSENT AND APPROVAL

<b>Title</b>	<b>Initial Development Proposal Report</b>
<b>Purpose</b>	Seek Council approval to move forward on the revitalization or redevelopment of a Toronto Community Housing Corporation site, ensuring that City's priorities are considered
<b>Committee</b>	Planning and Housing
<b>City Division Lead</b>	SDFA
<b>Authority to sign report</b>	DCM Community and Social Services
<b>New information required</b>	<p>a) The preliminary specific project concept, including details on the proposed site plan, density, built form and phasing plan; mix and type of social, affordable and market housing; and new and replacement community facilities and other amenities.</p> <p>b) The issues and opportunities for achieving City-building goals through revitalization identified through consultation with City divisions and agencies;</p> <p>c) Record of engagement with ward councillor and preliminary consultation with tenants;</p> <p>d) Preliminary cost estimate (Class 4) of funding that may be requested from City Council, including any development shortfall or proposed public investment in services, facilities and infrastructure to allow the City to develop an integrated funding strategy; and</p> <p>e) Recommended next steps, including consultation, planning and approvals.</p>

<b>Title</b>	<b>Planning Report</b>
<b>Purpose</b>	Seek planning approvals under Planning Act
<b>Committee</b>	Planning and Housing
<b>City Division Lead</b>	City Planning
<b>Authority to sign report</b>	Chief Planner
<b>New information required</b>	No new information required

<b>Title</b>	<b>Corporate Actions Report</b>
<b>Purpose</b>	Seek consents for revitalization/redevelopment from Shareholder and Service Manager
<b>Committee</b>	Executive Committee
<b>City Division Lead</b>	SSHA and CMO
<b>Authority to sign report</b>	General Manager, SSHA
<b>New information required</b>	<p>Toronto Community Housing Corporation to submit request for Shareholder and Service Manager consents required for revitalization project.</p> <p>Toronto Community Housing Corporation to submit an updated cost estimate (Class 3) of funding requested from City Council.</p> <p>Toronto Community Housing Corporation to submit details of the business terms negotiated with the development partner, for an independent financial review. The following information must be submitted for independent financial review:</p> <ul style="list-style-type: none"> <li>- Kind of partnership entered into</li> <li>- Land price (per square foot)</li> <li>- Net proceeds to Toronto Community Housing Corporation (if any)</li> <li>- Rental replacement cost and total number of units</li> <li>- Affordable rental unit cost and total number of net new affordable rental units (if any)</li> <li>- Timing of payments/deposits to Toronto Community Housing Corporation</li> <li>- Community Economic Development commitments</li> <li>- Other monetary benefits to Toronto Community Housing Corporation</li> <li>- Level of certainty around above financial estimates</li> </ul> <p>Review will be appended by the Chief Financial Officer and Treasurer as a confidential attachment to the Corporate Actions Report.</p>

<b>Title</b>	<b>Toronto Community Housing Corporation Annual Shareholder Report</b>
<b>Purpose</b>	Present Annual Report and Audited Consolidated Financial Statements to Council as part of AGM for Toronto Community Housing Corporation
<b>Committee</b>	Planning and Housing
<b>City Division Lead</b>	CMO
<b>New information required</b>	Toronto Community Housing Corporation to evaluate each revitalization project against agreed objectives and measures in Annual Report submitted each year to the City Manager as outlined in 10.2.m of the Shareholder Direction.

## ATTACHMENT 3 - CURRENT CONSENT AND APPROVAL PROCESS FOR REVITALIZATION PROJECTS

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City staff have a number of formal and informal communications with Toronto Community Housing Corporation staff in the process of creating a revitalization proposal. There are three City divisions or offices currently involved in consenting and recommending approval of revitalization projects:

- Planning approvals (City Planning)
- Corporate actions - Service Manager consents (Shelter, Support and Housing Administration)
- Corporate actions - Shareholder consents (City Manager's Office)

Generally, the Service Manager consents and the Shareholder consents have been considered together, through a single Corporate Approvals report. The current practice is also for the Planning Report and the Corporate Actions to be considered together by City Council<sup>1</sup>. There is currently no requirement for the Shareholder or Service Manager to approve revitalization/redevelopment projects before proposals are shared with stakeholders, or for the City to approve subsequent phases of long-term revitalization/redevelopment projects.

### *Planning approvals*

Through the planning process, City Council has approved a number of new planning frameworks for land owned by Toronto Community Housing Corporation and, in the case of the Lawrence Allen Secondary Plan, adjacent communities. These larger-scale plans have included amendments to the Official Plan in the form of Site and Area Specific Policies and Secondary Plans.

### *Corporate actions - Service Manager consents*

As a designated Service Manager for social housing under the Housing Services Act, 2011, the City is responsible for ensuring that Toronto Community Housing Corporation complies with the requirements of legislation and its regulations when making decisions to revitalize their communities.

The Housing Services Act gives the Service Manager the authority to make specific consent decisions under subsections 161(2) and 162(2) of the Housing Services Act. These decisions include providing consent to Toronto Community Housing Corporation to proceed with a redevelopment project, as well as providing consents associated with mortgaging or encumbering social housing projects, and consenting to the sale or transfer of social housing lands. As part of the Service Manager's due diligence, City staff review documentation submitted by Toronto Community Housing Corporation relevant to the specific Service Manager consent being sought, and ensure that the consent request is in compliance with legislation and consistent with applicable Council recommendations.

There are a number of other criteria the Service Manager is responsible for assessing when Toronto Community Housing Corporation is replacing social housing. One key

oversight is to ensure that Toronto Community Housing Corporation maintains a service level of rent geared to income (RGI) units within its portfolio as prescribed under its Operating Agreement with the City. Working with City Planning, the Service Manager also oversees whether Toronto Community Housing Corporation meets rental replacement requirements, ensuring that new social housing units have a similar nature to units being demolished.

Revitalization will have a significant impact on tenants when tenants may be required to relocate from their existing units. The significance of this impact requires the Service Manager to ensure that residents are consulted on the revitalization, and to ensure that any identified adverse impacts on residents who are required to move are appropriately mitigated. There are long-standing policies and practices in place which seek to ensure that tenants are informed on the revitalization process. One example is the requirement for Toronto Community Housing Corporation to submit a Tenant Relocation and Assistance Plan (TRAIP) for approval by the Service Manager and Chief Planner. The TRAIP sets out what tenants can expect from Toronto Community Housing Corporation during the revitalization process, including the level of supports to be made available to assist tenants with moving, updates on relocating and information on an equitable and transparent unit relocation selection process. The major components of the social housing replacement and tenant relocation plan are incorporated into appropriate legal agreements between the City and Toronto Community Housing Corporation and coordinated together with the various planning approvals necessary. Revitalization initiatives provide an important opportunity to improve the quality of life of Toronto Community Housing Corporation residents while transforming public housing neighbourhoods into mixed-income, mixed-use communities.

#### *Corporate actions - Shareholder consents*

Council's shareholder relationship with Toronto Community Housing Corporation is set out in the Shareholder Direction. Under section 7.4.1, Shareholder approval is required to permit Toronto Community Housing Corporation to sell "real property assets used for the purposes of providing rent-geared-to-income and market housing, or which are zoned or deemed suitable for housing purposes..." Shareholder approval is also required under section 7.4.1(c) before Toronto Community Housing Corporation can proceed with revitalization projects or changes to the number of RGI units.

The City Manager recommends that Council grant the necessary Shareholder consents, subject to conditions. For past revitalization projects, these conditions have included: maintaining the same number of RGI housing units as currently exist; investing the net proceeds from the sale or lease of land in the revitalization project as the first priority; and recommending that Toronto Community Housing Corporation update Council on the status of the revitalization project as part of its annual report to Council.