

Lawrence Heights Revitalization - Phases 2 and 3 Interim Status and Budget Update

Date: November 10, 2021

To: Planning & Housing Committee

From: Executive Director, Housing Secretariat

Wards: Ward 8

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report contains financial information, supplied in confidence to the City of Toronto, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

The attachment to this report also contains information about a plan to be applied to any negotiations carried on or to be carried on by or on behalf of the City of Toronto.

SUMMARY

On October 27, 2020, City Council adopted Item [PH17.8](#), "Lawrence Heights Phases 2 and 3 - Initial Development Proposal". The Initial Development Proposal ("IDP") was provided to Council for approval in accordance with the new approval framework for Toronto Community Housing Corporation ("TCHC") revitalization projects. This approvals process framework was approved by Council in July 2019 and aims to provide the City with earlier insight into TCHC revitalization projects and ensure that they support wider city-building priorities.

The IDP provided an outline of the project concept for Phases 2 and 3 of the Lawrence Heights revitalization project reflecting the Lawrence Allen Secondary Plan approved by City Council in November 2011. It also summarized challenges and opportunities for achieving city-building objectives, provided preliminary public infrastructure cost estimates, provided details of stakeholder engagement activities, and outlined a series of next steps to advance the project.

This report provides Council with an update on the status of the project, and recommends approval of updated public infrastructure cost estimates so that these Lawrence Heights Revitalization Phases 2 and 3 Interim Status Update

items can be included in divisional 2022 capital budget submissions. At the time the IDP was approved by Council in October 2020, the full financial implications were not reflected in the report. The preliminary public infrastructure cost estimates included were escalated from the City's 2011 Lawrence Heights Financial Strategy which supported the 2011 Lawrence Allen Secondary Plan ("Secondary Plan"). The Secondary Plan was developed based on years of consultation with City Staff, residents and stakeholders and is the foundation for the first phase of revitalization at Lawrence Heights. To accommodate cost escalations from 2020 to 2021, the 2020 IDP costs have since been reviewed and escalated again to 2021 dollars (outlined in Confidential Attachment 1). These revised cost estimates have been reviewed by the respective City divisions and, subject to Council's approval of this report, will be included in divisional 2022 capital budget submissions for consideration through the budget process. Phase 1 cost escalations for the previously approved 2011 Financial Strategy for Lawrence Heights will also be included in 2022 capital budget submissions. Further refined and detailed budgets for Phases 2 and 3 of the revitalization project will be developed once a development partner has been selected and the detailed design of the project is finalized.

In addition to budget updates, this report provides Council with details of work done to-date by TCHC, City and CreateTO staff to: explore adding additional affordable housing onsite; secure third-party funding opportunities, advance the partner procurement process to select a development partner; create the community hub, and implement audit recommendations.

City Council's approval of the recommendations in this report would allow TCHC to proceed with a public RFP process in early 2022 to identify a development partner for Phases 2 and 3 of the Lawrence Heights revitalization project. Following the RFP process, and in line with the approvals process framework, City staff, in consultation with TCHC, will report back to Council in 2022 with details of the TCHC recommended development partner, refined budgets based on proposals received and an update on third-party funding opportunities. Once a development partner has been selected, a master planning process to advance phases 2 and 3 will commence in collaboration with TCHC and the developer, City and CreateTO staff, TCHC tenants and the local community.

RECOMMENDATIONS

The Executive Director, Housing Secretariat recommends that:

1. City Council direct that the financial information, supplied in confidence to the City of Toronto in Confidential Attachment 1 to the report (dated November 10, 2021) from the Executive Director, Housing Secretariat, remain confidential in its entirety until such time as Toronto Community Housing Corporation agrees that the confidential information may be disclosed to the public.
2. City Council direct that the information about a plan to be applied to any negotiations carried on or to be carried on by or on behalf of the City of Toronto contained in

Confidential Attachment 1 to the report (dated November 10, 2021) from the Executive Director, Housing Secretariat that pertains to City interest be disclosed to the public once Toronto Community Housing Corporation has selected a development partner and negotiations related to Phases 2 and 3 conclude.

3. City Council request that the General Managers of Transportation Services, Toronto Water, Parks, Forestry and Recreation, and Children's Services include the updated public infrastructure cost estimates for Phase 1, 2 and 3, as outlined in Confidential Attachment 1, in the 2022-2031 Capital Budget and Plan and through future budget processes for approval, subject to consideration of all other City priorities and available funding.

4. City Council request the Executive Director, Housing Secretariat, in consultation with the appropriate City Divisions, the Chief Executive Officer, CreateTO and the President and Chief Executive Officer, Toronto Community Housing Corporation, to report to City Council by the third quarter of 2022 with the outcome of the TCHC procurement process and a recommended development partner, refined cost estimates and an update on funding opportunities to support the revitalization project.

5. City Council direct the General Managers of Toronto Water, Transportation Services, Children's Services, and Parks, Forestry and Recreation and request the Board of Directors of Toronto Community Housing Corporation to work together to advance the development of the Community Recreation Centre, to meet the Federal government's requirements and deadline for project completion, should the City receive federal funding to build the new Community Recreation Centre in Lawrence Heights.

6. City Council direct the General Managers of Toronto Water and Transportation Services to submit capital budgets that allow for a portion of the new road as part of Phase 2 to be constructed to support the construction of the community recreation centre.

7. City Council direct the General Manager, Parks, Forestry and Recreation to expedite design of the Community Recreation Centre with Children's Services, including moving forward with their procurement process.

FINANCIAL IMPACT

Updated Cost Estimates

Confidential Attachment 1 provides updated cost estimates and budget allocations for Phases 1 to 3 of the Lawrence Heights Revitalization project.

There will be financial impacts to the City in 2022 as a result of approving the recommendations in this report.

Future Financial Impact to the City

The City's approved 2011 Financial Strategy for Lawrence Heights included preliminary public infrastructure cost estimates. Those costs were escalated in consultation with City Staff to 2020 dollars for the October 2020 Initial Development Proposal report.

Confidential Attachment 1 of this report contains an updated Phase 1 infrastructure budget and further updated preliminary Phase 2 and 3 public infrastructure cost estimates for Council's endorsement. These costs will be included for consideration during the 2022 Budget Process along with all other funded and unfunded City priorities in the 10 Year Budget and Plans of Transportation Services, Parks, Forestry and Recreation, Children Services, and TCHC.

The overall preliminary cost estimates, as approved by City Council on October 27, 2020 through Item [PH17.8](#), will continue to be refined to reflect the results of the RFP process and again once the final built form is determined through the planning and community consultation processes. These activities could result in changes to the estimated costs, and City staff will report to Council in 2022 with a detailed City budget update as well as any changes to the anticipated financial implications. Staff are also pursuing third-party sources of funds including funding and financing from other orders of government to support the construction of affordable residential units in Lawrence Heights.

Future financial impacts related to the Rental Replacement will be included in TCHC's Development Capital Budget submission to the City and funding will be determined through the City's annual budget process. The Lawrence Heights Phases 2 and 3 revitalization will be considered with other City priorities and evaluated with all new and enhanced requests with identification of a funding source.

The IDP approved by Council in October 2020 included 130 affordable Housing Units. Confidential Attachment 1 of this report contains further updated financial analysis summarizing the cost estimates and potential delivery models for these units.

Third-Party Funding and Financing Opportunities

As the scope of the Lawrence Heights revitalization project (and other TCHC revitalizations) expands to include new affordable rental units and other city-building priorities, in addition to RGI replacement units, new funding approaches must be developed. To build additional net new affordable units and to respond to rising construction costs, City and TCHC staff continue to explore some of the opportunities outlined below.

1) Government Funding Programs

City and TCHC staff have had preliminary discussions with CMHC with respect to funding and financing opportunities under the National Housing Strategy to support the Lawrence Heights revitalization project. Once the unit mix for Phases 2 and 3 has been

confirmed, and the development partner selected, additional steps will be taken to advance discussions and submit an application for funding, if deemed feasible.

2) Public-Private Partnerships and Innovation

Innovative delivery models for affordable housing will be a core component of the Lawrence Heights RFP to select a development partner. The review team has been seeking approaches that reduce the City's upfront costs to construct affordable housing. TCHC, the City and CreateTO have been reviewing existing funding models, best practices and successfully implemented projects in Toronto and across other jurisdictions in order to guide the development of the RFP document.

3) Increasing Financial Viability

Staff from the City, TCHC and CreateTO have been reviewing the Secondary Plan to identify opportunities to increase the overall financial viability of the revitalization. One option to help offset some of the cost of adding net new affordable rental units is through a thoughtful increase in residential density. This would be done in a manner that would maintain the aspirations of the Secondary Plan and any recommendations would be fully vetted through a detailed review process.

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this program for review as part of the City's longer term planning and future budget process.

EQUITY IMPACT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is centred on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building inclusive, healthy, sustainable and liveable communities.

Redeveloping existing social housing in Lawrence Heights and adding a range of housing options and new community facilities and services will increase the opportunity for low-and-moderate-income residents, including those from equity-deserving groups including Indigenous Peoples, Black people, women, seniors and 2SLGBTQ+ persons to access safe, secure and adequate housing within a mixed-income, mixed-use, complete community.

Access to good quality, safe, affordable housing is an important determinant of health and also improves the social and economic status of individuals, families and communities. Good quality, affordable housing is also a cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole.

DECISION HISTORY

At its meeting held on October 27, 28 and 30, 2020, City Council adopted Item No. PH17.8, "Lawrence Heights Phases 2 and 3 - Initial Development Proposal". Through this report, the Planning and Housing Committee approved TCHC proceeding with the Initial Development Proposal as the project concept for the revitalization of Lawrence Heights Phases 2 and 3 and directed City staff to report back on a number of items including details of the TCHC-recommended development proposal, refined cost estimates, opportunities to increase the number of affordable rental units, and funding opportunities. This report is an interim status update in response to those directions. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH17.8>

At its meeting held on July 16, 17 and 18, 2019, City Council adopted Item No. PH7.4, "A New Approvals Framework for Toronto Community Housing Corporation Revitalization Projects". Through this report, the Planning and Housing Committee also directed the Deputy City Manager, Community and Social Services, to report to the September 17, 2019 meeting of the Planning and Housing Committee on an Initial Development Proposal for the revitalization of the Lawrence Heights community. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH7.4>

At its meeting held on May 14 and 15, 2019, City Council adopted Item No. AU2.1, "Moving Forward Together: Opportunities to Address Broader City Priorities in Toronto Community Housing Corporation Revitalizations", and requested staff to report to the July 3, 2019 meeting of the Planning and Housing Committee on any options for city-building objectives that may be included in revitalizations that have yet to obtain planning approvals. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU2.1>

At its meeting held on January 30 and 31, 2019, City Council adopted Item No. EX1.1, "Implementing the "Housing Now" Initiative", directing the Deputy City Manager, Community and Social Services to report to Planning and Housing Committee by the second quarter of 2019 on a framework that provides that TCHC include 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>

At its meeting held on November 27, 2012, City Council adopted Item No. NY20.34, "Final Report - Official Plan and Zoning By-law Amendment, Rental Housing Demolition and Subdivision Applications - 1-29 & 111-133 Bagot Court, 1-87 Bredonhill Court, 41-119 Varna Drive, 1-78 Cather Crescent, 1 Leila Lane, 1-11 & 15-45 Zachary Court and 215-251 Rane Avenue TCHC's Lawrence Heights Phase 1 re-zoning and official plan amendment application". <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.NY20.34>

At its meeting held on November 29, 2011, City Council adopted Item No. NY11.24, "Final Report - Lawrence-Allen Secondary Plan" which allowed TCHC to move forward with the Lawrence Heights revitalization. The Secondary Plan reflects years of input from tenants, area residents, neighbourhood organizations and the City of Toronto. <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.NY11.24>

At its meeting held on November 29, 2011, City Council adopted Item No. NY11.24a, "Financial Strategy – Lawrence Allen Secondary Plan" which recommends a financial framework to phase-in the Lawrence Heights infrastructure project elements into the City's Capital Plan and Operating Budget in an orderly and affordable manner, so as to moderate the impacts to all taxpayers, while achieving the objectives of expediting this important redevelopment.

<https://www.toronto.ca/legdocs/mmis/2011/cc/bgrd/backgroundfile-42514.pdf>

COMMENTS

Site Context and Background

Lawrence Heights is a 100-acre community located south of Yorkdale subway station and north of the intersection of Lawrence Avenue West and Allen Road. The original Lawrence Heights development, constructed in the 1950s, consists of 1,208 RGI social housing units owned by TCHC.

Through the revitalization, all 636 existing TCHC RGI units will be replaced with the same number of new units. These new RGI units will be located throughout each phase of the revitalization and interspersed among an estimated additional 2,488 market rental and ownership homes and 130 affordable rental units. Through the development review and community consultation processes, an appropriate zoning by-law amendment, plan of sub-division, site plan and built form will be identified, which will ultimately determine the final number of rental and ownership homes and amenities at the site.

Other city-building objectives proposed to be achieved include: a new community hub with a public park, public school, daycare, community centre, and a new network of public streets and infrastructure. Phases 2 and 3 are intended to be approved together, but will be constructed through a series of sub-phases, with the exact timing and configuration to be confirmed once a developer partner has been procured.

Development Partner Procurement Process

TCHC is working with the Housing Secretariat and CreateTO to finalize scope of the developer partner Request for Proposal, which is expected to be released in early 2022.

Opportunities to Increase Density and Provide Additional Affordable Rental Units

In October 2020, City Council directed staff to explore opportunities to increase the heights and density for the proposed residential buildings in all future phases of the Lawrence Heights revitalization project, including amendments which may be required to the existing Secondary Plan. City Council also directed City staff and TCHC to explore opportunities to increase the number of affordable rental units in all future

phases of the Lawrence Heights revitalization, including using any additional density that may be secured to help offset the cost of delivering the affordable housing.

A preliminary review of the Secondary Plan by TCHC and City staff has determined that there is an opportunity to increase the overall residential density. This will be explored further through the planning approval process, and in consultation with the ward Councillor and local community.

Additionally, TCHC is preparing financial models to assess the possibility of allocating a portion of the potential additional density towards increasing the number of affordable rental units. A working group of inter-divisional staff from the City, TCHC and CreateTO will also continue to explore opportunities to maximize the number of affordable rental units onsite through available federal funding and financing programs.

At a minimum, the IDP recommends that 20% of all net new density be secured as affordable housing. An update on the total number of affordable rental units that can be secured in Phases 2 and 3 will be provided to Council in 2022.

Community Facilities for Lawrence Heights

Through Item PH17.8, City Council directed City and TCHC staff to prioritize the building of the new community hub in Phase 2 of the Lawrence Heights revitalization project. The community hub is a new Community Recreation Centre ("CRC") with a pool and child care centre. The city advanced a request for a federal grant to assist in supporting the new CRC. The grant requires that projects be completed by March 2026.

In order to meet federal funding deadlines, the schedule for building the CRC would need to be advanced, perhaps even in advance of Phase 2. City and TCHC staff are reviewing the project timelines and steps that would be required for this to occur, including unlocking the site for the new community hub, advancing road and servicing construction, which requires a funding commitment from the City as outlined in Confidential Attachment 1. The approvals that would be required related to planning, engineering, environmental, relocation, TCHC Board approval, etc. are also being reviewed.

The CRC will serve as the focus for the new Lawrence Heights community, bringing in long needed recreation facilities, a child care, and over time, a large park – referred to as the Community Commons in the Council approved Secondary Plan. The current Flemington Park Elementary School and Unison Health Centre are also located within this area.

Community infrastructure remains one of the hallmarks of successful revitalizations for TCHC, which can be seen throughout Regent Park with the Pam McConnell Aquatic Facility, Regent Park CRC, parks and sports fields, along with some unique cultural facilities such as Daniels Spectrum. These serve as the common places that all community members come to gather, participate in recreation and connect. Advancing the Lawrence Heights community hub will serve as a critical milestone in this area's revitalization.

Implementing Audit Recommendations

A report from the Auditor General, "Moving Forward Together: Opportunities to Address Broader City Priorities in Toronto Community Housing Corporation Revitalizations" (Item [AU2.1](#)), was adopted by City Council at its meeting of May 14 and 15, 2019. This report included a number of recommendations to improve coordination and oversight of TCHC revitalization projects. This includes ensuring that the City and TCHC strategically align their priorities and desired outcomes for revitalizations and support these objectives with an adequate funding plan. This will not only ensure that existing social housing is replaced, but can also more effectively address other city-building priorities, such as increasing the supply of affordable housing. An update on the City's progress in implementing the 2019 recommendations is expected to be brought forward by the Auditor General in early 2022.

With respect to how the Auditor General's recommendations are being implemented as part the Lawrence Heights revitalization in particular, with the implementation of the new approval process framework for TCHC revitalization projects, an evaluation process for the integration of more affordable housing units is now imbedded in the City's planning and approvals process for each TCHC revitalization site. This process looks at each revitalization opportunity from a city-building, built form, social and financial perspective, in consultation with TCHC. In addition, both City and TCHC staff are working closely together to assess the financial implications of Phases 2 and 3 of the project, beginning from the preliminary stages (i.e. the IDP stage), and ensuring the Council is kept apprised at each stage as cost estimates are refined.

Next Steps

The next interim status report will seek Council approval of the TCHC-recommended development partner, prior to TCHC proceeding with the revitalization of Phases 2 and 3. The report will include refined cost estimates and an update on third-party sources of funding. The next stage-gate report, to follow the next interim status report, will seek approval of the planning applications and further address previous direction from City Council to explore adding: increased density and the provision of additional affordable housing through the rest of the revitalization; a stand-alone seniors buildings and a street-level convenience store in Phase 2 or 3; design and architectural features that are responsive to the ongoing COVID-19 pandemic and any similar future health emergencies; a "Rent to Own" program or affordable homeownership opportunities for long-standing TCHC tenants.

Conclusion

The revitalization of the Lawrence Heights community is necessary to replace existing TCHC properties that are need of replacement and beyond economic repair. The project also presents an opportunity to add a range of housing opportunities and

amenity spaces in an underserved area of the city to create an inclusive, mixed-tenure, mixed-use, complete community.

Council's approval of the recommendations in this report will allow TCHC to proceed with the RFP to select a development partner for Phases 2 and 3 of the Lawrence Heights revitalization project with greater certainty around the City-funded components of the revitalization, including the infrastructure (roads and servicing), parks, community centre, and affordable rental units. Through the RFP process, cost estimates will be further refined and City staff will report back to Council in 2022 with details on the recommended development partner, an budget and an opportunities for third-party funding opportunities, including investments from other orders of government, to support the project.

Advancing the Lawrence Heights revitalization will help to address the long-standing housing, health and socio-economic inequities faced by low-income, marginalized residents including those from Indigenous, Black and other racialized communities. It will also help the City meet its commitments in the Toronto Action Plan to Confront Anti-Black Racism by improving housing conditions to better support Black Torontonians.

CONTACT

Valesa Faria, Director, Housing Secretariat, 416-392-0602, Valesa.Faria@toronto.ca

Aviva Levy, Senior Strategic Policy Consultant, 416-338-1039, Aviva.Levy@toronto.ca

SIGNATURE

Abigail Bond
Executive Director, Housing Secretariat

ATTACHMENTS

Confidential Attachment 1 – Updated Cost Estimates and Cash Flow Projection