

Creating New Affordable Housing Opportunities through Phase Two of the Housing Now Initiative

Date: May 25, 2020

To: City Council

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

Wards: All

SUMMARY

On December 13, 2018, City Council approved the Housing Now Initiative to activate 11 City-owned sites ("Phase One") for the development of affordable housing within mixed-income, mixed-use and transit-oriented communities.

Phase One of the Housing Now Initiative is estimated to create approximately 10,750 new residential units with approximately 7,800 being purpose-built rental housing, including almost 3,900 affordable rental units. Work is well underway to advance Phase One of the Housing Now Initiative.

This report recommends Council's approval of six additional sites (outlined in Appendix I) to the Housing Now Initiative. The additional six sites (the "Phase Two Sites") are estimated to add between 1,455 and 1,710 new residential units to the program, including approximately 1,060 to 1,240 purpose-built rental units with approximately 530 to 620 being affordable rental units.

In addition, the report recommends Council's approval of an estimated \$47,652,480 in Open Door incentives to support the delivery of up to 620 homes.

Expanding the Housing Now Initiative recommended in this report will complement other City initiatives to increase the supply of permanent affordable housing for low-and-moderate income residents. It will also contribute toward the City's target of approving 40,000 affordable rental units, including 18,000 supportive housing units, over the next 10 years as outlined in the HousingTO 2020-2030 Action Plan.

Increasing the supply of permanent affordable rental housing is of particular significance at this time due to the COVID-19 pandemic. The pandemic has quickly highlighted that access to a safe, secure and affordable home is essential to a person's health and well-being, and the overall well-being of our society. Increasing affordable housing

opportunities for residents will also make a profound contribution towards our socio-economic recovery from the pandemic. Specifically, investments in residential construction deliver one of the largest economic multiplier effects, with a total of 10 jobs created (including five direct and five additional indirect and induced jobs) for each one million dollars invested in housing¹. Expanding programs such as Housing Now will help get people back to work, while creating a range of much-needed housing. Investments in permanent housing would also significantly reduce costs to the health care, emergency shelter and justice systems.

Implementation of the Housing Now Initiative and the larger HousingTO 2020-2030 Action Plan will require a strong partnership among all orders of government. Increased investments in permanent affordable housing and a quick deployment of resources are necessary to recover from the pandemic and build our resilience as a city, region and country. Additionally, support and participation from the non-profit and private sectors will be essential to help deliver these outcomes.

RECOMMENDATIONS

The Deputy City Manager, Community and Social Services and the Deputy City Manager, Corporate Services recommend that:

Land Considerations

1. City Council direct the Deputy City Manager, Corporate Services and the Executive Director, Corporate Real Estate Management to review, on an expedited basis, the six sites identified in Appendix 1 (the "Phase Two Sites"), including any prior terms of transfer that have been approved by Council, and authorize them to determine, in consultation with the City Manager, whether such terms should be amended in order to achieve the objectives of the Housing Now Initiative.
2. City Council authorize the Deputy City Manager, Corporate Services, where it is determined such action is appropriate to achieve the objectives of the Housing Now Initiative, to declare all or portions of each of the Phase Two Sites surplus, and to amend any prior declaration(s) of surplus, subject to the retention of those areas and interests as have been determined critical to the operational requirements of a division or agency.
3. City Council amend the existing delegated approvals and signing authorities in Item EX27.12, City-Wide Real Estate - Delegated Authorities Framework and Transition Plan, adopted by City Council on October 2, 3 and 4, 2017, to authorize the Deputy City Manager, Corporate Services and Chief Financial Officer and Treasurer to approve any lease, transfer and other property transactions involving these Phase Two Sites for the purpose of achieving the City's affordable housing objectives notwithstanding that the related compensation may exceed \$5 Million Dollars, and authorize the Deputy City

¹ Statistics Canada. Table 36-10-0594-01 Input-output multipliers, detail level
<https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610059401>

Manager, Corporate Services and Chief Financial Officer and Treasurer to treat the estimated value of the rental savings that will be realized by tenants of the affordable housing units as compensation received by the City when assessing whether a proposed transaction reflects market value, provided that the Executive Director, Housing Secretariat, and the Board of CreateTO or the Board of Directors of the relevant CreateTO corporate entity concur with the proposed transaction terms.

4. City Council waive the restrictions of Section 2.4(a) of the shareholder direction of Build Toronto Inc., controlled by the Board of CreateTO, solely for transactions relating to the Phase Two Sites on terms and conditions satisfactory to the City Manager and in a form approved by the City Solicitor, and allow for donations or similar contributions to any charity or charitable organization, or to a non-profit organization for the purpose of facilitating the provision of affordable housing units at the Phase Two Sites where determined appropriate by the CreateTO Board of Directors, in consultation with the Deputy City Manager, Corporate Services and the Executive Director, Housing Secretariat.

5. City Council authorize the Deputy City Manager, Corporate Services, to approve the transfer of title to any of the Phase Two Sites, or a portion thereof to corporate entities controlled by the Board of CreateTO at nominal consideration where permitted by law, and where the Deputy City Manager, Corporate Services, the Executive Director, Housing Secretariat and the Chief Executive Officer, CreateTO have agreed upon the terms of transfer that will be reflected in a Transfer Agreement between the City and the corporate entity controlled by the CreateTO Board.

Planning Process

6. City Council request the Chief Planner and Executive Director, City Planning, to:

- a. provide key planning principles and guidelines for each of the Phase Two Sites to be included as part of the public market offering process;
- b. expeditiously advance Official Plan Amendments and Zoning By-law Amendments and plans of subdivision required to prepare the properties for marketing and ensure a range of housing opportunities within each of the Phase Two Sites; and
- c. support the Housing Now Initiative by implementing an expedited review process and setting timelines for the completion of review of the related development applications submitted by the selected developers of each site.

Affordable Housing Program

7. City Council approve an overall development target across the Phase Two Sites including a minimum of one-third affordable rental units (with average rents not to exceed 80% of annual Canada Mortgage and Housing Corporation average market rent), a minimum of one-third market rental housing, and a maximum of one-third ownership homes.

8. City Council direct the Deputy City Manager, Community and Social Services and the Deputy City Manager, Corporate Services in consultation with the Executive Director, Housing Secretariat and the Chief Executive Officer, CreateTO, to report to the June 15, 2020, meeting of the Planning and Housing Committee on measures to limit annual rent increases on market rental units in all Housing Now Initiative sites, and, as part of the annual Housing Now Initiative Update report, on any proposed changes to the current accessibility standards under the program.

9. City Council exempt the up to 620 affordable rental homes anticipated to be developed throughout the Phase Two Sites, from taxation for municipal and school purposes for the term of the municipal housing facility agreement, with the property tax exemption having an estimated net present value of approximately \$18,093,019 over 99 years.

10. City Council authorize the Executive Director, Housing Secretariat to offer the Open Door incentives for affordable rental housing, for the term of affordability, and to exempt the affordable rental housing, including any applicable ancillary and related, parking amenity space on the Phase Two Sites from the payment of development charges and provide a waiver of all planning and building permit fees and parkland dedication fees.

11. City Council authorize the Executive Director, Housing Secretariat, to negotiate and enter into, on behalf of the City, municipal housing facility agreements (the City's Contribution Agreement) with the developers chosen for each of the Phase Two Sites, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, and in a form approved by the City Solicitor.

12. City Council authorize severally each of the Executive Director, Housing Secretariat and the General Manager, Shelter, Support and Housing Administration to execute, on behalf of the City, any security or financing documents required by the developers of the Phase Two Sites to secure construction and conventional financing and subsequent refinancing, including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the municipal housing facility agreement, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by Council.

13. City Council authorize the Deputy City Manager, Corporate Services, in consultation with the Deputy City Manager, Community and Social Services, to provide any consent necessary to transfer or encumber the Phase Two Sites or the affordable rental housing portion thereof, and to negotiate and enter into any agreements or other documents required to effect any future transfer or assignment of any of the Phase Two Sites or the affordable rental housing portion thereof, and the associated legal agreements with the City to another legal entity, on terms and conditions satisfactory to them and in a form approved by the City Solicitor.

14. City Council authorize City staff to cancel or refund any taxes paid after the effective date of the municipal housing facility agreement.

Funding and Budget Considerations

15. City Council direct the Deputy City Manager, Community and Social Services and the Deputy City Manager, Corporate Services in consultation with the Executive Director, Housing Secretariat and the Chief Executive Officer, CreateTO, to report to the June 15, 2020, meeting of the Planning and Housing Committee, as part of the annual Housing Now Initiative Update report, on any funding required to activate the Phase Two Sites.

16. City Council direct the Chief Financial Officer and Treasurer to transfer any proceeds from the sale or lease of any of the Phase One properties identified in Appendix 3 of report EX1.1 (January 11, 2019) and the additional Phase Two Sites to the Capital Revolving Reserve Fund for Affordable Housing (XR1058) to be administered by the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer, the Deputy City Manager, Community & Social Services and the Deputy City Manager, Corporate Services, and be used to offset costs directly related to implementing the Housing Now Initiative including: preparing the properties for marketing including undertaking necessary environmental studies and remediation, market analyses, planning and other consultant studies; legal costs; overhead and administration costs; relocation costs; costs of on-site City programming requirements; costs of required on- or off-site infrastructure upgrades or improvements; funding shortfalls, etc.

17. City Council direct the Deputy City Manager, Community and Social Services to compensate CreateTO for provision by CreateTO of the services referred to in Recommendation 16, with payment to be made on a cost-recovery basis from the Capital Revolving Reserve Fund for Affordable Housing, utilizing the proceeds from the sale or lease of any of the Phase One properties.

Market Offering Process

18. City Council direct the utilization of the Phase Two Sites identified in Appendix 1 for the Housing Now Initiative through a market offering process with a priority of retaining public ownership through long-term land leases.

19. City Council direct the Deputy City Manager, Corporate Services, Deputy City Manager, Community and Social Services and the Chief Financial Officer and Treasurer to approve the business case and marketing offering process for each property provided that the Executive Director, Housing Secretariat and the CreateTO Board of Directors or the Board of Directors of the relevant CreateTO corporate entity, concur with the proposed business case and market offering process.

20. City Council direct the Chief Executive Officer, CreateTO, in consultation with the Executive Director, Housing Secretariat to administer the market offering process for the Phase Two Sites and utilize its existing pre-qualified Broker roster to expedite marketing, where required, and to negotiate the leases, purchase agreements and other contracts with the successful development partners, other than the municipal housing facility agreements in Recommendation 11 above, and subject to the approvals required in Recommendation 19 above.

21. City Council direct the Executive Director, Housing Secretariat, in consultation with the Chief Executive Officer, CreateTO, to administer the market offering process for sites designated exclusively for non-profit participation, and to negotiate the leases, purchase agreements and other contracts with the successful non-profit development partners.

22. City Council request the Executive Director, Housing Secretariat to work with the Chief Executive Officer, CreateTO, Deputy City Manager, Corporate Services and Chief Financial Officer and Treasurer in overseeing the market offering process related to the Phase Two Sites including the selection of preferred proponents, and the co-ordination of government funding and financing incentives to ensure that the affordable housing projects are financially viable.

23. Council request the Executive Director, Housing Secretariat and the Chief Executive Officer, CreateTO to encourage the involvement and participation of non-profit and co-operative housing organizations in the market offering process for the Phase Two Sites, and provide greater consideration to submissions that exceed the affordable rental and market rental housing delivery targets and increase supportive housing opportunities.

24. Council request the Executive Director, Housing Secretariat and the Chief Executive Officer, CreateTO in consultation with the Executive Director, Social Development, Finance and Administration to incorporate, in the market offering process measureable community benefits opportunities, such as social procurement and apprenticeship, training, and/or other hiring opportunities for people from equity-seeking communities.

Other Considerations

25. City Council authorize the Deputy City Manager, Community and Social Services to request the Federal Government, through the Canada Mortgage and Housing Corporation, to:

a. approve a portfolio approach to the funding and financing of the Phase Two Sites identified in Appendix 1 to this report; and

b. consider the City's previous requests for the federal government to dedicate surplus lands in Toronto to be utilized for increasing the supply of affordable and purpose-built rental housing.

26. City Council authorize the Deputy City Manager, Community and Social Services to request the Ontario Government to support the creation of supportive housing opportunities as part of the Housing Now Initiative by providing assistance to individuals with housing and support needs through the provision of operating, and to identify surplus lands within Toronto be utilized to create new mixed-income communities, with new affordable rental homes, including supportive housing opportunities.

FINANCIAL IMPACT

This report is based on the best available data at this time. The total number of affordable homes and the financial impact will be determined based on the results of the

market offering process, selection of successful proponents, and the Planning review and approval process.

Similar to the process established and approved as part of the EX1.1. "Implementing the Housing Now Initiative", staff will prepare a business case for each of the Phase Two Sites to determine the funding and financing required to make Housing Now projects financially viable. At this stage, development cost schedules will be detailed, land value contribution will be determined, and additional funding and financing needs along with capital and operating requirements required for each of the Phase Two Sites will be identified.

City Investments

Land Value

Land value contribution will be determined in the business case process and will depend on various factors, such as transaction structure (lease vs. land sale), rental to ownership ratio (which might vary per site), market rents and land values at the time of offering, and costs of any additional city building needs that may be funded by land value. It is expected that other city building priorities identified on the Phase Two Sites by City divisions and agencies will be reviewed and approved through the City's budget process.

Financial Incentives

The City's financial incentives include relief from development charges, building permit fees, planning application fees and parkland dedication fees as well as property taxes for municipal and school purposes for the duration of affordability starting from occupancy.

This report recommends that City Council as part of the Open Door Program, provide \$47,652,480 in financial incentives as detailed in table 1 below, to support the creation of up to 620 affordable rental units at the Phase Two Sites.

The total estimated contribution of \$47,652,480 is not a direct capital payment as it represents the forgiveness of City levies and charges and is thus foregone revenue to the City. Any impact on divisional services will be considered through annual budget processes.

Table 1 – Financial Incentives

Affordable Rental Homes	Estimated Affordability Period	Estimated Development Charges*	Estimated Fees and Charges	Estimated Net Present Value of Property Taxes	Estimated Total Value of Incentives
620	99	\$25,072,924	\$4,486,537	\$18,093,019	\$47,652,480

* Calculated using November 2020 rates.

The value of the annual property tax exemption is estimated at \$573,528 at 2020 rates. The net present value over the 99 year-term is estimated at \$18,093,019 captured in the table above and summarized in greater detail below:

Table 2 - Property Taxes

Property Tax	Annual	Net Present Value (99 Years)
City	\$420,854	\$13,276,643
Education	\$146,476	\$4,620,851
City Building	\$6,198	\$195,525
Total	\$573,528	\$18,093,019

Proceeds of the Sale or Lease of Sites

Relocation expenses related to tenants or City divisions and agencies, such as costs of providing new accommodation, and costs associated with achieving other city-building objectives such as creating new community service facilities, will be identified in the business case. These expenses will be addressed in future years capital and operating budget cycles, with potential funding pressures to be offset by proceeds arising from revenues achieved through land transactions.

It is recommended that any proceeds from the sale or lease of any of the sites under the Housing Now Initiative be transferred to the Capital Revolving Reserve Fund for Affordable Housing (XR1058) to be used to offset costs directly related to implementing the Housing Now Initiative. Such costs include: preparing the properties for marketing as well as undertaking necessary environmental studies and remediation, market analyses, planning and other consultant studies; legal costs; overhead and administration costs; relocation and temporary lease costs; costs of on-site City programming requirements; costs of required on-or off-site infrastructure upgrades or improvements; funding shortfalls, etc.

Other Costs

Any additional resource implications related to expanding the Housing Now Initiative, including additional staffing costs, will be identified and presented for consideration as part of the 2021 Budget Process.

Support from Canada Mortgage and Housing Corporation

The National Housing Co-Investment Fund and the Rental Construction Financing Initiative, administered by the Canada Mortgage and Housing Corporation (CMHC), are essential to support the delivery of the Housing Now Initiative.

Subject to Council approval of this report, staff will engage with CMHC staff to advise them of the expansion of the Housing Now Initiative to add the Phase Two Sites. Staff will also work with CMHC and the selected proponents to secure funding and financing

to support the delivery of the rental housing (affordable and market rental) at the Phase Two Sites.

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

EQUITY IMPACT STATEMENT

Access to good quality, safe, affordable housing is an important determinant of health, supports the environment and improves the socio-economic status of individuals, families, and communities as a whole.

Expanding the Housing Now Initiative will increase and accelerate the creation of affordable housing opportunities for households with diverse income levels. It will also add important community assets such as child care facilities, space for community agencies, local parks and open spaces.

In addition, through incorporating social procurement principles in the market offering process for the Phase Two Sites, the implementation of the Housing Now Initiative will encourage local hiring and create employment, training and apprenticeship opportunities for people experiencing economic disadvantage, including those from equity-seeking groups.

Adopting a transit-oriented development approach also provides an opportunity to create complete communities with a range of housing options and increased opportunities for low-and-moderate income individuals to live and work locally.

Additionally, locating affordable housing near high-order transit services will reduce travel times and costs for low-and-moderate income individuals and families, and provide greater access to employment and education opportunities and services.

DECISION HISTORY

On December 13, 2018, City Council adopted CC1.3 "Housing Now", which approved the activation of 11 City-owned sites for the development of affordable housing as part of creating mixed-income, mixed-use and transit-oriented communities.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.3>

On January 30 and 31, 2019, City Council adopted EX 1.1 "Implementing the "Housing Now" Initiative". This report provided recommendations on the organizational structure and processes to deliver the Housing Now Initiative, the proposed affordable housing program and the overall financial implications of the program.

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

On June 18 and 19, 2019, City Council adopted EX6.9 "1627 and 1675 Danforth Avenue - Danforth Garage Master Plan - Final Report" endorsing the Master Plan for 1627 and 1675 Danforth Avenue and directed staff to undertake a feasibility study to

explore the viable options for the adaptive reuse of the Danforth Garage facility as a civic hub, continue market sounding for the development of viable public and private partnerships for the development of Parcels A, B, C and F, which would include affordable rental housing; and initiate an Official Plan and rezoning amendment to implement the framework for land uses as outlined in the staff report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX6.9>

On December 17 and 18, 2019, City Council, adopted with amendments, "HousingTO 2020-2030 Action Plan" as the framework to address Toronto's housing and homelessness challenges by 2030. This Plan includes a number of actions and targets to address critical needs across the housing spectrum including emergency shelters and transitional housing, social and supportive housing, market and affordable rental housing and homeownership. The City Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

On February 12, 2020, the Planning and Housing Committee adopted PH13.8 "Building Affordable Housing in CityPlace at Block 36 North" requesting the Executive Director, Housing Secretariat to report back to Committee by the second quarter of 2020 with recommendations to advance the construction of new affordable rental housing on Block 36 North and explore opportunities to incorporate additional needed community facilities into the base of the new building, such as non-profit childcare.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH13.8>

COMMENTS

HousingTO 2020-2030 Action Plan

In December 2019, City Council adopted the HousingTO 2020-2030 Action Plan which proposes a number of actions to address critical needs across the housing spectrum including affordable and market rental housing and homeownership.

Due to the health risks posed by COVID-19, the City is urging other orders of government to help expedite delivery of permanent affordable, including supportive rental homes to protect vulnerable residents, assist households that are living in core housing need and, at the same time, create much-needed employment opportunities. This includes scaling up the delivery of the Housing Now Initiative by contributing land, financial resources and policy tools.

Guiding Principles and Considerations for the Housing Now Initiative

The Housing Now Initiative is modeled on using City-owned, transit accessible lands to increase the supply of affordable housing within mixed-use, mixed-income, complete communities. The development of new housing through the Housing Now Initiative is guided by the following principles:

- Activate sites to achieve the highest possible public benefits;

- Maximize the development of affordable and market rental housing with a mix of unit types and sizes;
- Create energy efficient homes that are affordable for a diverse range of incomes, including deeply affordable homes;
- Appropriately address and accommodate existing City and other operations and uses which increasing city-building opportunities to create complete communities;
- Prioritize the public retention of sites, including long-term land leases;
- Support participation by the non-profit and co-op housing sectors and help build capacity in the sectors; and,
- Actively engage with City Councillors and local communities in the planning and development of each site.

Expanding the Housing Now Initiative

The Housing Now Initiative is a key component of the HousingTO 2020-2030 Action Plan and is essential for the City to achieve its target of approving 40,000 new affordable rental and supportive homes by 2030. Specifically, the City has committed to creating at least 10,000 new affordable rental homes on City-owned sites.

To scale up the Housing Now Initiative, staff are recommending the addition of the Phase Two Sites which are estimated to deliver between 1,455 and 1,710 residential units, including 1,060 to 1,240 purpose-built rental units with between 530 and 620 being affordable rental units.

Appendix 1 provides additional details regarding the Phase Two Sites, their current uses, land use designation and other site considerations.

Organizational Structure to Support Delivery of the Housing Now Initiative

To support effective and efficient delivery of the Housing Now Initiative, a robust project management framework is required.

A formal project charter will be established outlining the roles and responsibilities of interdivisional partners in supporting delivery of the Housing Now Initiative. This will include the following key partners and responsibilities:

1. Housing Secretariat

The Housing *Secretariat, as program owner*, will steward projects through City divisions, CreateTO and other City agencies and corporations, and will lead the planning of future phases of the Initiative in consultation with the Chief Executive Officer, CreateTO and the City Planning Division.

The Executive Director, Housing Secretariat will be directly accountable to the Senior Leadership Team (through the Deputy City Manager, Community and Social Services) for delivery of the Housing Now Initiative and will be supported by the City's executive team including the Deputy City Manager, Corporate Services, Deputy City Manager,

Social and Community Services, Deputy City Manager, Infrastructure and Development Services and the Chief Financial Officer and Treasurer.

Any changes to the proposed program delivery model and affordable housing targets will require approval by the Executive Director, Housing Secretariat prior to being recommended to the City's Senior Leadership Team for approval.

2. City Planning

In order to fast-track the rezoning and overall planning of sites, City Planning will be responsible for leading the land-use planning aspects of the sites. This work will include concept development, aligning Housing Now objectives with city-building objectives and Council's Official Plan policies, working with divisional and agency partners to identify site specific community services and facility opportunities and development potential, coordination of community consultations, the preparation of staff reports and bylaws and coordination with CreateTO and the developer partner through the selection process and thereafter. City Planning staff may also be required to provide evidence at hearings at the Local Planning Appeal Tribunal.

3. CreateTO

CreateTO will be responsible for project delivery of the Housing Now Initiative. For all Housing Now properties, CreateTO, in consultation with the Housing Secretariat, will be responsible for completing a business plan outlining recommended financial structure; completing full due diligence including title, environmental and geotechnical conditions, servicing and transportation capacities and requirements; development-related drawings and studies; and market conditions.

In conjunction with Corporate Real Estate Management and the Housing Secretariat, CreateTO will make recommendations to the Deputy City Manager, Corporate Services regarding any surplus declaration and transfer to CreateTO (where required).

CreateTO will work also closely with City Planning to align the business case with the built form, public realm, mix of tenure and other public services or facilities to be included on the property, which will be determined through the re-zoning process, noted above and in conformity with Council's Official Plan policies.

Additionally, in conjunction with the Housing Secretariat, CreateTO will be responsible for providing instructions to City Legal Services Division with respect to the negotiation and completion of all contracts required with the developer partners.

4. City Legal Services

Various sections of the City's Legal Services Division will support delivery of the Housing Now Initiative by facilitating several aspects of the Initiative, including but not limited to, formalizing agreements related to the due diligence, supporting planning review, application and implementation instruments, supporting the market offering, transfer of lands (including leases) arrangements, municipal housing facility

agreements, and construction and conventional financing agreements required by developers.

5. Corporate Real Estate Management

Corporate Real Estate Management ("CREM") will be responsible for securing delegated authority, including approval of leases, and transfer of sites in coordination with CreateTO. In addition, CREM will oversee construction of the sites after a developer has been chosen and, upon occupancy, CREM will provide oversight of the heads leases including monitoring the maintenance and operations of the properties over the 99-year lease term.

6. Shelter, Support and Housing Administration

The Shelter, Support and Housing Administration ("SSHA") will be required to provide post-occupancy administrative oversight of all affordable rental housing created through the Housing Now Initiative. This includes ensuring that projects are operated in accordance with the affordable housing parameters and that assets are well-maintained over the term of the 99-year agreements.

Prior to occupancy, SSHA staff will assist in defining the target housing groups and engage with the operators to develop a tenant access plan and establish annual reporting requirements. In addition, SSHA staff will have on-going responsibility to ensure that the affordable housing is maintained in accordance with the executed affordable housing contribution agreements (including adherence to access requirements) and that rent levels are kept affordable throughout the term of the agreements.

Affordable Housing Program Targets

Below is a summary of the Housing Now Initiative program targets to be achieved at each of the sites:

a. Mix of Tenure

Similar to Item No. EX1.1, this report proposes that a minimum of two-thirds of all residential units created on the Phase Two Sites be purpose-built rental housing with at least 50% of the rental units as affordable rental housing. Priority will be given to submissions that exceed the percentage of purpose-built rental and affordable rental housing at the sites.

b. Affordability Requirements

While the City is working on developing an income-based definition of affordable housing, average rents across all affordable units in each site not to exceed 80% of the average market rent (AMR) for the City of Toronto as determined by the CMHC annually, with no individual unit rented at over 100% AMR. A minimum of 10% of affordable units to be rented at 40% of AMR.

c. Deepening Affordability

To achieve deeper levels of affordability at these properties, the City, through the Contribution Agreement, will require successful proponents to provide housing for residents in receipt of housing allowances, rent supplements and/or housing benefits. The City will provide also additional monthly rental subsidies to eligible households through various federal and provincial programs such as the Canada-Ontario Housing Benefit, subject to availability of such subsidies.

d. Accessibility

As part of the current requirements for the Housing Now Initiative, at least 20% of all units at each site must meet or exceed the CMHC accessibility standards and all common areas must be fully barrier-free or have full universal design applied.

At the June 15, 2020, meeting of the Planning and Housing Committee, and as part of the annual Housing Now Initiative Update report, the Executive Director, Housing Secretariat, in consultation with the Chief Executive Officer, CreateTO will report on Council on the adequacy of these requirements and propose any changes, if required.

e. Other Targets:

- **Unit Mix** - Approximately 40% of units to be 1-bedroom units; approximately 40% 2-bedroom units; and approximately 20% 3+ bedroom units, to be determined on a site-by-site basis.
- **Supportive Housing** - The unit mix noted above may be changed for selected sites with the prior approval of the Executive Director, Housing Secretariat to accommodate supportive housing uses, including housing for seniors.
- **Unit Sizes** - Unit sizes shall be in accordance with the Affordable Housing Design Guidelines and the Growing Up Guidelines for market units.
- **Energy Efficiency** - Projects must demonstrate that they will achieve the Toronto Green Standard Version 3 Tier 2 energy performance level and a minimum 25% decrease in energy consumption and Greenhouse Gas (GHG) emissions over the most recent national building and energy codes (consistent with CMHC's current energy efficiency requirements).
- **Phasing of Developments** - The affordable housing component of any one development is to be prioritized in the development schedule and the affordable homes are to be spread throughout the development, where appropriate.

Market Rental Housing Affordability

At its meeting of November 26 and 27, 2019, City Council requested the City Manager to report to the Planning and Housing Committee on requiring that landlords in new developments, where incentives from the City of Toronto have been provided, be prevented from increasing rents by more than the Guideline, as prescribed in Sec. 120 (1) of the Ontario Residential Tenancies Act, 2006.

Staff will report to the Planning and Housing Committee on June 15, 2020, with recommendations to limit annual rent increases on market rental units while ensuring the viability of the Housing Now Initiative.

Delivery Framework and Transactions

A delivery framework was established as part of Phase One of the Housing Now Initiative to ensure appropriate levels of consultation, oversight and consistency in asset management and decision-making, while ensuring that affordable housing outcomes and City objectives are achieved. The delivery framework including key activities, estimated timelines and key accountabilities are summarized in Table 3 below.

The proposed delivery framework and governance process provide for the alignment and collaboration between the Housing Secretariat, City Planning, CreateTO, CREM and other City divisions. It also leverages the market and development expertise of the CreateTO Board to maximize real estate partnerships and public benefits, while streamlining processes for consistent and timely decision-making.

Local Councillors will continue to be consulted throughout the development process and City Council will ultimately approve the re-zoning and Official Plan Amendments (where applicable).

The delivery framework includes three main stages as follows:

Stage 1- Business Case

All real estate considerations will be reviewed to ensure divisional interests for each site that are deemed critical, will be incorporated into the business case and site planning processes.

A business case will be developed for each site incorporating all available and potential funding and financing resources to ensure affordable housing targets and other city building objectives can be achieved.

City Planning will initiate and expedite required planning review and approval processes to establish a development-ready, contextually appropriate development concept that creates greater certainty and an expedited route to construction and occupancy. Informed by community consultations, City Planning staff will prepare staff reports and recommended Zoning By-laws for City Council adoption. The City-initiated Zoning By-law (and Official Plan, if necessary) amendments will provide clarity to both stakeholders and proponents participating in the subsequent offering.

Stage 2- Market Offering, Proponent Evaluations and Awarding

CreateTO, in consultation with the Executive Director, Housing Secretariat, will lead the offering process of each of the Housing Now sites, excluding the designated non-profit exclusive sites.

The City's Housing Secretariat will lead the offering process to select non-profit proponents for the designated non-profit exclusive sites

The offering process will include an evaluation framework that will assist staff in assessing each proposal based on a range of criteria such as qualifications of the proponents including development and operating experience, the resources proponents bring to the project, proposed operating model, including private/non-profit partnerships, affordability, accessibility and energy efficiency details, and long-term financial viability.

Each proposal will also be evaluated to ensure the best value for money is achieved with a recognition for affordable housing and other social and city-building outcomes.

Stage 3 - Housing Delivery and Expediting Approval Processes

CreateTO, CREM and the Housing Secretariat, in consultation with City Legal and other divisions, will continue to work with the selected development partners following awarding to ensure project timelines are met. This includes the Site Plan Control approval, finalizing the sale/lease transactions, supporting the development partner in securing low-cost financing from the CMHC, and expediting any additional planning approvals required.

Summary of the Housing Now Initiative Delivery Framework

The table below provides a summary of the Housing Now Initiative delivery framework. In order to expedite delivery of program, various activities outlined in Stages 1 and 2 will run concurrent with each other.

Table 3 – Housing Now Delivery Framework

	Stage 1: Business Case	Stage 2: Market Offering	Stage 3: Housing Delivery
Key Actions	<ul style="list-style-type: none"> - Design Project - Due Diligence and Market Sounding - City-building objectives - Affordability Program - Feasibility Analysis - Initiate Rezoning (including conducting appropriate stakeholder consultations) 	<ul style="list-style-type: none"> - Select broker, if required - Project Marketing - Project Underwriting - Evaluation of Bids - Award and Negotiations 	<ul style="list-style-type: none"> - Complete planning approvals process (e.g. Site Plan approval) - Sale/Lease/Affordable Housing Transactions to be finalized - Developer Financing - Developer Planning Application (expedited) - Developer Construction Award - Development onsite - Selection of tenants and occupancy
Duration	3-6 months	7-12 months	2- 4 years

	Stage 1: Business Case	Stage 2: Market Offering	Stage 3: Housing Delivery
Administrator	- Housing Secretariat - CreateTO - City Planning	CreateTO	CreateTO
Staff Level Approval	- Executive Director, Housing Secretariat, (and if approved, then) - DCM, Corporate Services - Chief Financial Officer and Treasurer	Executive Director, Housing Secretariat, (and if approved, then) - DCM, Corporate Services - Chief Financial Officer and Treasurer	- DCM, Corporate Services* - Chief Financial Officer and Treasurer* - Executive Director, Housing Secretariat*
Reporting	CreateTO staff reporting to CreateTO Board City Council for all Planning approvals	CreateTO staff reporting to CreateTO Board	CreateTO staff reporting to CreateTO Board* City staff reporting to Council with annual updates

*Approvals as relevant to the agreement with the successful proponent.

Creating New Supportive Services Opportunities

The City is committed to creating new supportive homes through the Housing Now Initiative and other affordable housing programs. This report recommends that enhanced consideration be given to submissions that include new supportive housing opportunities, and that are financially and operationally viable. For affordable rental units to become supportive housing opportunities, the City and/or future operators would require operating funding from the Province to provide appropriate on-site support services which may include a 24/7 staffing model, a meal program, health related services and housing subsidies to deepen affordability. In the longer term, the public sector would reduce expenses while ensuring better housing and health outcomes for residents.

Conclusion and Next Steps

This report recommends Council approval to expand the Housing Now Initiative to add the Phase Two Sites. The range of housing opportunities to be created at the sites, including new affordable rental and supportive housing units, will support a wide range of residents and incomes, including some of our most vulnerable residents. Building housing near transit will also improve access to employment, education and services for future residents.

In addition, increasing the supply of affordable rental housing is urgently needed to support current and future needs, as well as to help the city recover from the COVID-19 pandemic and increase our resilience. Activating new sites at this time will also help increase employment opportunities to support our socio-economic recovery.

The homes created through this Initiative will contribute to the targets set under the HousingTO 2020-2030 Action Plan which includes the approval of 40,000 new affordable rental units (including 18,000 supportive homes), and increasing housing stability for Toronto residents over the next ten years.

Subject to Council approval of this report, staff will undertake detailed costing to determine the estimated funding required to deliver the Phase Two Sites. Additionally, staff will review current accessibility standards under the Housing Now Initiative to determine whether any changes to the program are required. The results of these reviews will be reported to the Planning and Housing Committee on June 15, 2020, as part of the annual Housing Now Initiative Update report.

CONTACT

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SIGNATURE

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ATTACHMENTS

Appendix 1 - Housing Now Phase Two Sites (Phase Two Sites)

Appendix 2- Rent and Income Mix