

## Implementation of the Federal Rapid Housing Initiative

**Date:** October 30, 2020

**To:** City Council

**From:** Executive Director, Housing Secretariat and Executive Director, Corporate Real Estate Management

**Wards:** All

### SUMMARY

---

The Rapid Housing Initiative (RHI) was announced by the Government of Canada on September 21, 2020. RHI will deliver \$1 billion in grant funding nationally to rapidly create new affordable rental housing in response to the urgent housing needs of vulnerable and marginalized individuals. This funding will be delivered through the Canada Mortgage and Housing Corporation (CMHC), and the RHI will cover the construction of modular housing, as well as the acquisition of land, and the conversion of existing buildings to affordable housing.

On October 27, 2020 the Government of Canada announced program allocations, including \$203,265,729 for the City of Toronto, subject to meeting the program criteria and timelines. The City's allocation is required to create a minimum of 417 units of new permanent affordable housing.

This funding will be transferred to the City in full upon the successful execution of an agreement with CMHC. Quick execution of the agreement is needed in order for the funding to be transferred before the end of the calendar year. In addition, City staff will need to move rapidly to develop and submit an investment plan before November 27, 2020 outlining the capital projects that will be built/secured with the RHI allocation in order to confirm the take-up of funds.

Due to the tight timelines to execute the required agreements, and begin work to deliver the RHI program, staff are recommending Council's approval of the recommendations in this report. This report also recommends Council approval of approximately \$59 million in pre-approved City Open Door incentives to support the creation of up to 800 affordable rental units under the program, to maximize the RHI opportunity and exceed the minimum unit requirement set out under the RHI. Staff will report back to Council in January 2021 with a progress update and to seek any additional authorities required to acquire or develop the new affordable rental units within the federal 12-month program timeframe.

The RHI program will help support the City's 24-month housing recovery plan aimed at delivering 3,000 affordable and supportive homes for vulnerable and marginalized individuals experiencing homelessness. However, as the RHI is a capital funding only program, ongoing provincial government operating funding (housing benefits and support services funding) will be required to create supportive housing opportunities that will help address chronic homelessness which is a key priority for all governments. Supportive housing is critical to addressing the housing and health needs of residents, particularly those who are vulnerable and marginalized, and helping them to exit homelessness and improve their quality of life.

## **RECOMMENDATIONS**

---

1. City Council authorize the Deputy City Manager, Community and Social Services, to enter into a Rapid Housing Initiative Agreement and/or related agreement(s) and amendments with the Canada Mortgage and Housing Corporation, the Government of Canada or any other federal entity necessary for the receipt and expenditure of funding under the Rapid Housing Initiative on such terms and conditions as are satisfactory to the Executive Director, Housing Secretariat, in consultation with the Executive Director, Corporate Real Estate Management, and in a form approved by the City Solicitor.
2. City Council direct the Executive Director, Housing Secretariat, in consultation with the Executive Director, Corporate Real Estate Management and the General Manager, Shelter, Support and Housing Administration to develop an Investment Plan (the "Investment Plan"), outlining units that can be available for occupancy within twelve (12) months, in accordance with the terms and conditions of the Rapid Housing Initiative Agreement and any related program guidelines, and authorize its submission, and any subsequent updates, to the Canada Mortgage and Housing Corporation by November 27, 2020.
3. City Council approve the receipt of the Rapid Housing Initiative program funds, in accordance with the terms and conditions of the Rapid Housing Initiative Agreement and any related agreements, directives or program guidelines.
4. City Council approve an allocation of \$203,265,729 (net \$0) fully funded from the Rapid Housing Initiative to the Capital Revolving Reserve Fund for Affordable Housing (XR1058) to be overseen by the Executive Director, Housing Secretariat and used to support the acquisition by the City of real estate interests suitable for the Rapid Housing Initiative, the purchase of modular housing, related pre-development and pre-construction costs (e.g. community engagement, planning, communications, environmental site assessments, cost consultant reports, permits, architectural or engineering reports, appraisals, legal/closing costs related to acquisition of land and buildings) and all other costs permitted under the Rapid Housing Initiative to secure and develop affordable housing, in each instance on terms satisfactory to the Executive Director, Housing Secretariat and the Executive Director, Corporate Real Estate Management.

5. City Council approve an increase to the 2020 Capital Budget for Shelter, Support and Housing Administration of \$203,265,729 (net \$0) fully funded from the Rapid Housing Initiative to enable staff to begin project commitments, with the final cash flow adjustments between 2020 and 2021 to be requested through the Q3 variance report following completion of the Investment Plan.
6. City Council authorize the Executive Director, Housing Secretariat, as appropriate, to enter into agreements or other suitable arrangements with City divisions, agencies, the Government of Ontario and/or its agencies, community agencies, private entities and/or individuals to allocate and deliver the Rapid Housing Initiative funding in accordance with the program guidelines.
7. City Council exempt up to 800 affordable rental homes to be developed through the Rapid Housing Initiative from development charges, planning and permit fees, parkland dedication and property taxes.
8. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, to approve the acquisition by the City of real estate interests suitable for the Rapid Housing Initiative, and to approve related pre-development and pre-construction costs (e.g. environmental site assessments, cost consultant reports, permits, architectural or engineering reports, appraisals, legal/closing costs related to acquisition of land and buildings), in each instance on terms satisfactory to the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat and in a form satisfactory to the City Solicitor, and provided that all related expenditures are to be funded through the capital funding that is advanced to the City under the Rapid Housing Initiative Agreement.
9. City Council authorize the Executive Director, Corporate Real Estate Management and/or the Deputy City Manager, Corporate Services, to execute the agreements relating to the acquisitions referenced in Recommendation 8 above, and any ancillary agreements and documents on behalf of the City of Toronto.
10. City Council Request the Executive Director, Housing Secretariat, in consultation with the Executive Director, Corporate Real Estate Management and the General Manager, Shelter, Support and Housing Administration to inform local Councillors in advance of any intention to purchase or develop properties using the Rapid Housing Initiative funding in advance of any address being publicly released and to work with local Councillors on communication and community engagement.
11. City Council authorize the Executive Director, Corporate Real Estate Management, to administer and manage all transactions in consultation with the Executive Director, Housing Secretariat, including the provision of any consents, approvals, waivers, and notices, provided that they may, at any time, refer consideration of any such matters (including their content) to City Council for consideration and direction.
12. City Council authorize the Executive Director, Corporate Real Estate Management and/or the Executive Director, Housing Secretariat to negotiate and enter into any necessary non-competitive agreements, including those with a value exceeding

\$500,000 for which Council approval would normally be required under Chapter 195, Purchasing, for the provision of professional services needed to complete the acquisition of suitable real estate interests and to carry out any necessary pre-development and pre-construction matters for the development of affordable housing under the Rapid Housing Initiative, provided that:

- a) non-competitive procurement is necessary to meet the timelines of the Rapid Housing Initiative;
- b) the costs are eligible for and will be funded through the Rapid Housing Initiative; and
- c) the terms and conditions of any such agreements are acceptable to the Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor.

13. City Council authorize the City Solicitor to negotiate and enter into any necessary non-competitive retainers, including those with a value exceeding \$500,000 for which Council approval would normally be required under Chapter 195, Purchasing, for the provision of legal services needed to complete the acquisition of suitable real estate interests for the development of affordable housing under the Rapid Housing Initiative, provided that:

- a) non-competitive procurement is necessary to meet the timelines of the Rapid Housing Initiative;
- b) the costs are eligible for and will be funded through the Rapid Housing Initiative; and
- c) the terms and conditions of any such retainers are acceptable to the City Solicitor.

14. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Executive Director, Corporate Real Estate Management and the General Manager, Shelter, Support and Housing Administration to work with the non-profit sector and include their eligible priority projects for consideration by Canada Mortgage and Housing Corporation under the Projects Stream.

15. City Council request the Executive Director, Housing Secretariat, in consultation with the Executive Director, Corporate Real Estate Management and the General Manager, Shelter, Support and Housing Administration, to report to the Planning and Housing Committee in January 2021 on the number of properties and affordable rental units acquired through the Rapid Housing Initiative, allocation to priority groups and impact on addressing chronic homelessness in the city.

16. City Council request the Chief Planner and Executive Director, City Planning, in consultation with the Executive Director, Housing Secretariat, the Executive Director, Corporate Real Estate Management and the Chief Building Official and Executive Director, Toronto Building to prioritize the review of sites identified as part of the Rapid Housing Initiative, including sites suitable for the construction of modular housing, land acquisitions, and the conversion of existing buildings to affordable housing, and identify ways to expedite the necessary building and planning approvals.

17. City Council authorize the Chief Executive Officer, CreateTO to act as the City's agent and to submit applications required to obtain required planning approvals for sites identified under the Rapid Housing Initiative.

18. City Council authorize the Executive Director, Housing Secretariat to compensate CreateTO on a direct cost-recovery basis for provision of the following goods and services to be performed by CreateTO and its contractors, with prior approval from the Executive Director, Housing Secretariat for such expenses:

- a) preparing the identified sites for construction, including undertaking necessary environmental studies and remediation, community consultations, planning and other consultant studies to support expedited delivery of the identified sites for modular supportive housing and creation of new housing through acquisition and conversion/restoration; and
- b) entering into and administering the contract or any other agreements required to be entered into with the manufacturer of modular units for the manufacture and installation of the modular units and/or with appropriate entities to undertake conversion/restoration of properties acquired through the Rapid Housing Initiative.

19. City Council authorize the Executive Director, Housing Secretariat, in consultation with the General Manager, Shelter, Support and Housing Administration, to issue a Request for Proposals and to select non-profit housing providers to operate the affordable and supportive housing units to be developed under Rapid Housing Initiative.

20. City Council authorize the Executive Director, Housing Secretariat to negotiate and execute on behalf of the City, municipal housing facility agreements (the City's "Contribution Agreement") for up to 99 years with the non-profit housing providers selected through the competitive process referred to in Part 19 above, or a related corporation, to secure the financial assistance being provided and to set out the terms of the operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form approved by the City Solicitor.

21. City Council authorize the General Manager, Shelter, Support and Housing Administration to negotiate and enter into any agreements with the non-profits housing providers selected, for any operating funding that may be available, including, but not limited to rent supplement or grant funding agreements, on terms and conditions agreed to by the General Manager, Shelter, Support and Housing Administration and in a form approved by the City Solicitor.

22. 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 non-profit housing providers, 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 City Council.

23. City Council request that the Province of Ontario provide ongoing operating funding, including funding for housing benefits and mental health and addiction services, to ensure the units created under the Rapid Housing Initiative results in new supportive housing opportunities for vulnerable and marginalized individuals, including people experiencing homelessness.

## FINANCIAL IMPACT

---

On October 27, 2020, the Government of Canada announced the City of Toronto's allocation of \$203,265,729 under the federal RHI, subject to meeting the program criteria and timelines, to create a minimum of 417 units of new permanent affordable housing.

Accordingly, this report requests Council authority to enter into a Rapid Housing Initiative Agreement and/or related agreement(s) with the Canada Mortgage and Housing Corporation (CMHC) for the receipt and expenditure of funding under the Rapid Housing Initiative. As well, this report recommends Open Door Affordable Rental Housing Program incentives of up to \$59,082,662 to support the creation of up to 800 affordable rental units, as outlined in Table 1 below.

*Table 1 – City Financial Incentives*

Affordable Rental Homes	Estimated Affordability Period	Estimated Development Charges*	Estimated Planning Fees and Charges**	Estimated Net Present Value of Property Taxes	Estimated Total Value of Incentives
800	99	\$32,009,900	\$5,500,860	\$21,571,902	\$59,082,662

\*calculated using November 2020 Rates

\*\*includes estimated 2020 building permit fees of \$827,592, planning fees of \$673,268 and parkland dedication fees of \$4,00,000.

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

The funding provided under the RHI is a capital contribution and does not need to be repaid provided the terms of the agreement to be signed between the City and CMHC are met. Since the RHI is a capital only program, support from the provincial government in the form of ongoing operating funding (housing benefits and support services) is required to support supportive housing opportunities that will be created.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with the implementation of the Rapid Housing Initiative to be considered along with other priorities during the 2021 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, and 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. It also recognizes that resources must be prioritized to help those most in need.

A key component of the HousingTO 2020-2030 Action Plan (HousingTO Plan) is to increase the supply of permanent affordable rental and supportive housing to help our most vulnerable and marginalized residents, including Indigenous Peoples and those from equity-seeking groups, live in dignified housing with appropriate supports.

Access to good quality, safe, affordable housing is an important social determinant of health and also improves the social and economic status of an individual. 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**

---

On October 20, 2020, Planning and Housing Committee considered the item PH17.3, "Taking Action to Increase Affordable and Supportive Housing Opportunities", which included an update on actions taken to-date by staff to proactively prepare to take advantage of the federal Rapid Housing Initiative.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH17.3>

At its meeting of September 30, 2020, City Council adopted, with amendments, Item No. PH16.8, "Addressing Housing and Homelessness in Toronto through Intergovernmental Partnership" which described the advocacy the City was undertaking to secure additional investment from both the Provincial and Federal governments. The report also outlined the City's 24-Month COVID-19 Housing and Homelessness Recovery Response Plan aimed at providing dignified, stable permanent housing options for 3,000 people experiencing chronic homelessness within the shelter system, with the support of the Federal and Provincial governments.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH16.8>

On December 17, 2019 Council adopted recommendations as part of the HousingTO 2020-2030 Action Plan that called for increased intergovernmental collaboration to develop a six-month action plan to address homelessness in the City of Toronto. The

recommendations called for the creation of a Federal-Provincial-City table to identify solutions.

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

## COMMENTS

---

### The Rapid Housing Initiative

The Rapid Housing Initiative (RHI) that was announced by the Government of Canada on September 21, 2020. RHI will deliver \$1 billion in grant funding nationally to rapidly create new affordable rental housing in response to the urgent housing needs of vulnerable and marginalized individuals. Priority groups to be housed include women; seniors; young adults; Indigenous Peoples; Black People; racialized groups; people with disabilities; people dealing with mental health and addiction issues; veterans; LGBTQ2+; recent immigrants or refugees; and people experiencing homelessness or those at risk of homelessness.

This funding will be delivered through the Canada Mortgage and Housing Corporation (CMHC), and the RHI will cover the construction of modular housing, as well as the acquisition of land, and the conversion of existing buildings to affordable housing.

This initiative will be delivered through two funding streams:

- Major Cities Stream: which will flow directly to municipalities to ensure funds are directed to areas where chronic homelessness is most prevalent and;
- Projects Stream: which will prioritize applications received from Provinces, Territories, municipalities, Indigenous governing bodies and organizations and non-profits.

As part of the Major Cities Stream, the City of Toronto has been identified for immediate funding of \$203,265,729 to create a minimum of 417 units of new permanent affordable housing. However, the City will endeavour to achieve a greater number of affordable units through this allocation, to the extent possible.

Municipalities selected under the Major Cities Stream will receive their allocation immediately following the signature of their agreements; investment plans are required within 30 days of being advised of their allocation.

In addition, municipalities under the Major Cities Stream do not need to submit an application for the Projects Stream if their investment plans submitted prior to November 27, 2020 provide details of projects for additional funding consideration under the Projects Stream.

Since Council approved the City's HousingTO 2020-2030 Action Plan in December 2019, the City has been advocating for the federal and provincial supports needed for the creation of new affordable housing in Toronto, the RHI initiative is a significant response to this request and brings us closer to meeting our goals.



## **Projects Eligible for Funding under RHI**

The RHI program funding is required to be used to develop affordable housing through:

1. Acquisition of land and construction of modular housing;
2. Acquisition of land and existing buildings for the purpose of conversion; and
3. Acquisition of land and rehabilitation of housing.

Construction must be completed within 12 months of agreement. Construction, conversion and rehabilitation costs are included in addition to the acquisition of land and buildings.

## **City Investment Plan**

As outlined in item PH17.3, City staff have taken a number of actions to proactively prepare to take advantage of the federal Rapid Housing Initiative. However, meeting the November 27, 2020 target date for submission of the Investment Plan will require ongoing and enhanced inter-divisional collaboration.

As noted earlier, this report also recommends that Open Door Incentives be provided for up to 800 units. The housing opportunities available may exceed the City's allocation under the RHI and thus the Investment Plan to be submitted to CMHC will seek to take advantage of both streams.

## **Non-Profit Operators and Affordability Requirements**

Projects funded under the RHI are intended to serve populations and operate for a minimum of 20 years. City staff will work with selected non-profit organizations and seek to achieve 99-years of affordability on projects, to the extent possible.

Subject to Council's approval of this report, the Housing Secretariat will issue a Request for Proposals to establish a list of eligible non-profit operators for the affordable housing to be created as part of the RHI program. Proponents will be evaluated based on their experience in successfully operating affordable and supportive housing including experience providing property management services and delivering onsite support services for a range of needs, either directly or in partnership with other providers.

Staff will report back to Council in 2021 on status of the non-profit Request for Proposals process.

## **Councillor and Community Engagement**

Staff will inform local Councillors in advance of any intention to purchase or develop properties using the Rapid Housing Initiative funding. Staff will also engage with Councillors to discuss site-specific details and proposed plans.

Additionally, staff will lead community engagement processes that will inform local residents and other stakeholders and provide opportunities for community input on development projects.

## **Support from the Provincial Government**

As mentioned earlier, the RHI program provides capital grants only. As such, it is pivotal that the provincial government also support this initiative by way of ongoing operating funding (housing benefits and support services funding) to create new supportive housing opportunities.

Providing a range of supports for individuals with more complex challenges such as serious mental health issues, addictions and other disabilities will be critical to ensuring success of the RHI in alleviating chronic homelessness and reducing demand on emergency services.

## **Supporting Climate Resilience**

Supporting climate resilience through reducing local greenhouse gas emissions is essential to improve our health, grow our economy, and improve social equity. The RHI program requires that newly constructed building(s) where the affordable units are situated, exceed by at least 5 percent, the energy efficiency standards, as set out in the 2015 National Energy Code for Buildings or as set out in the local/regional standard, whichever is higher.

As part of implementing the RHI, the City will endeavour to achieve a near zero emissions level of performance in any new buildings to be constructed, including modular housing units. These efforts will support the TransformTO plan and the City's Net Zero Strategy.

## **CONTACT**

---

Valesa Faria, Director, Housing Secretariat  
Phone: 416-392-0602  
Email: [Valesa.Faria@Toronto.ca](mailto:Valesa.Faria@Toronto.ca)

Alison Folosea, Director, Transaction Service  
Phone: 416-338-2998  
E-mail: [Alison.Folosea@toronto.ca](mailto:Alison.Folosea@toronto.ca)

## **SIGNATURE**

---

Abigail Bond  
Executive Director, Housing Secretariat

Patrick Matozzo,  
Executive Director, Corporate Real Estate Management