

Re: PH14.3

Housing Now Initiative Annual Update

Presented to the Planning and Housing Committee

June 15, 2020



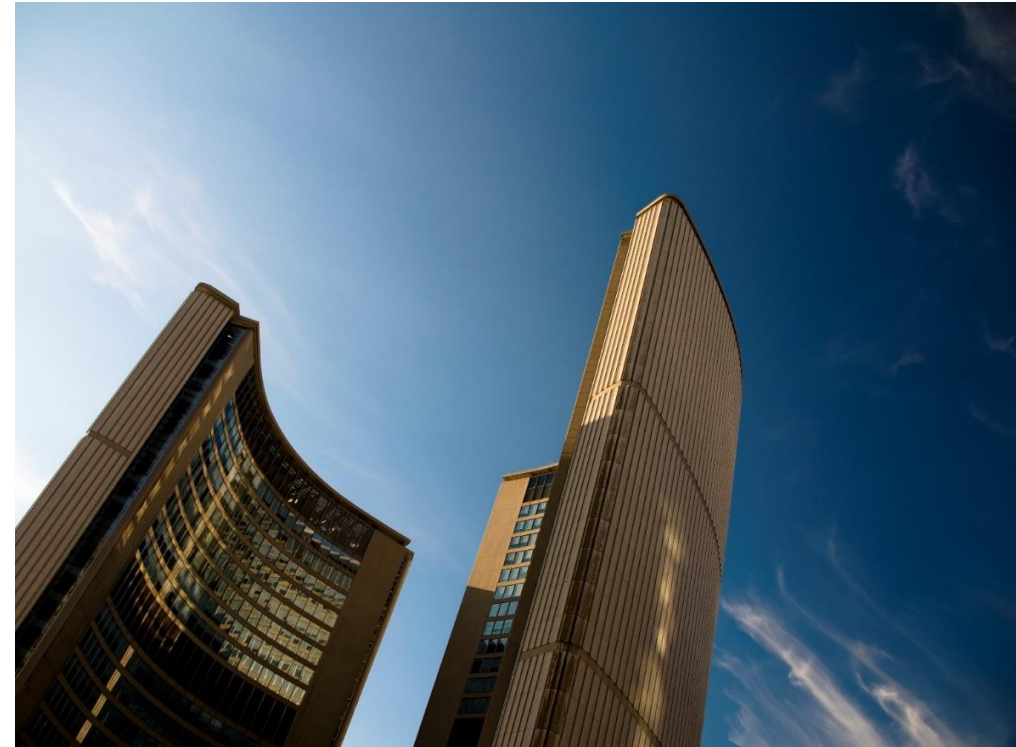
Overview

- Council Direction
- Update on Phase One of the Housing Now Initiative
- Planning Approvals and Advancing Development
- Enhancing City Building Objectives
- Key Report Recommendations:
 - 1) Increasing number of affordable homes
 - 2) Increasing non-profit participation
 - 3) Enhancing accessibility and universal design
 - 4) Protecting market renters
- Other Program Enhancements
- Next Steps



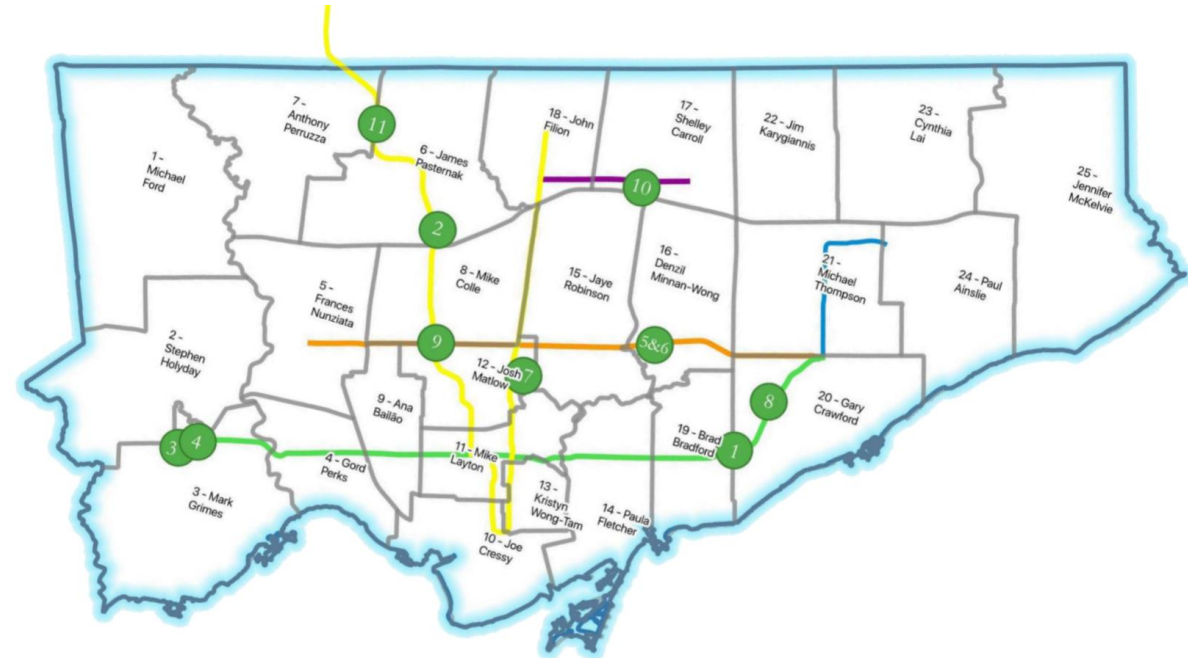
Council Direction

- Housing Now Initiative Implementation Plan approved by Council in January 2019
 - Scaling up & accelerating City's affordable housing efforts.
 - Creating complete communities - mixed-income, mixed-use, transit-oriented.
 - **11 City-owned sites** activated – originally estimated to create 10,000 residential units including approximately 3,700 affordable rental units.
- City Council approved **Phase Two** in May, 2020 which added an additional **six sites** estimated to add between 1,455 to 1,710 new residential units, including approximately 530 to 620 being affordable rental units.



Update on Phase One of the Housing Now Initiative

- Phase One of the Housing Now Initiative was initially estimated to create approximately 10,000 new residential units on 11 City-owned sites including approximately 3,700 affordable rental units.
- Four sites were identified in 2019 as priority sites based on their readiness to advance to the market offering stage: **140 Merton St., 777 Victoria Park Ave., 50 Wilson Heights Blvd. and 705 Warden Ave.**
- Based on work done to-date to advance the first four priority sites, Phase One is now estimated to create approximately 10,750 residential units, with 7,800 being purpose-built rental housing, including almost **3,900 affordable rental units.**





PROJECT TRACKER

UPDATED JUNE 1, 2020

Market Offering, Development Partner Identified

Identified Sites	Concept Testing	Design Development + Consultation	Zoning By-law	Site Plan Control	Construction	Occupancy
1250 Eglinton Ave West	70 unit target*					
3933 Keele Street	190 unit target*					
251 Esther Shiner Blvd.	1,800 unit target*					
770 Don Mills Road	1,389 unit target*					
805 Don Mills Road	988 unit target*					
Bloor-Islington	1,250 unit target*					
Bloor-Kipling (Six-Points and Etobicoke Civic Centre)	2,300 unit target*					
705 Warden Avenue			600 units**			
140 Merton Street				180 units		
777 Victoria Park Avenue				508 units		
50 Wilson Heights Blvd.				1,500 units		

Unit Target Tracker**

	Zoning Approved		In Progress	Total
Affordable Rental Units	844	250**	2,719	3,813 total
Market Rental Units	844	350**	2,719	3,913 total
Ownership Units	500		2,548	3,048 total

*Estimated unit target from January 2019 Housing Now Implementation Report

** Pending approval of 705 Warden Avenue Zoning By-law Amendment (June 2020)

Planning Approvals and Advancing Development

- City Planning, working with City divisions and agencies, has developed an approach to expedite the planning approvals process.
- Each of the first four priority resulted in a recommended Zoning By-law and draft Plan of Subdivision conditions in a Final Report to Planning and Housing Committee **within 6 months** (reflecting the target set out by Council in the January 2019 report).
- Staff are finalizing negotiations with proponents for first two sites (50 Wilson Avenue and 777 Victoria Park Avenue) with construction anticipated to begin by early to mid 2021.
- Concurrent with the work on the first four priority sites, staff are working to complete due diligence, design concepts and planning applications for the **next seven properties** identified in Phase One.
- **More sites** are planned to be offered **on the market in 2020**, including 140 Merton Street which will be offered exclusively to non-profit organizations.

Enhancing City Building Objectives

The Housing Now Initiative is also delivering the essential community infrastructure that will support future residents and communities across Toronto including new child care facilities, new or expanded public parks, community space, employment opportunities, improved public realm and new public streets.

140 MERTON STREET



90 affordable rental units for seniors



Heritage Preservation



2,150 square metres of community space



Midblock connection and outdoor social spaces

777 VICTORIA PARK AVE.



250 affordable rental units



62-space child care facility



425 square metres of community space



Midblock connections and outdoor social spaces (Transit Plaza)

50 WILSON HEIGHTS BLVD.



500 affordable rental units



62-space child care facility



1,700 square metres of community space



3,800 square metres of non-residential (commercial, and retail) space



3,049 square metre public park, extension of the William R. Allen Road Pathway



New Public Street

705 WARDEN AVE.



250 affordable rental units



62-space child care facility



400 square metres of retail space



13,000 square metres of office space (TTC)



3,834 square metre public park and renaturalized area around Massey Creek



New Public Street

Key Report Recommendations

Report recommendations are focused on improving the lives of future residents in Housing Now sites and also continuing to attract non-profit and private sector interest in developing and operating the sites.

- 1) **Increase the number of affordable rental homes** by providing Open Door incentives – number of affordable homes in Phase One will increase from 3,700 to 3,900.
- 2) **Prioritize viable bids from non-profit organizations** in the market offering process – this includes bids from Indigenous groups and communities and co-operative housing providers.
- 3) **Increase number of accessible homes** and focus on incorporating **Universal design** features on all future sites to create housing appropriate for everyone.
- 4) **Protect market renters** while ensuring **well-maintained homes over 99 years** - maximum limit would be Guideline + 2%, with priority given to bids that are closer to Guideline only.

Increasing the Number of Affordable Homes

- This report recommends that Council approve **\$15.4 million** in Open Door incentives to support the creation of an *additional 200 affordable rental homes* on the Phase One Sites.
- Incentives include exemption from the payment of development charges, planning and building permit fees, parkland dedication fees, and municipal property taxes for 99 years.

Table A: Additional Open Door Incentives Proposed

Affordable Rental Homes	Estimated Affordability Period	Estimated Development Charges*	Estimated Planning Fees and Charges	Estimated Net Present Value of Property Taxes	Estimated Total
200	99	\$8,088,040	\$1,511,743	\$5,836,458	\$15,436,241

*calculated using November 2020 rates.

Increasing Non-Profit Participation

- **Greater consideration** will be provided to submissions from non-profit organizations that are financially viable and able to meet all other requirements under the Housing Now Initiative.
- Non-profit organizations are encouraged to **bid on all** Phase One and Phase Two Sites.
- A **number of sites** will be offered **exclusively to the non-profit sector**.
- Support will be provided to the non-profit sector to help groups bid on the sites as part of the **non-profit capacity building** fund (approved by Council in report EX1.1).



Enhancing Accessibility and Universal Design

- About 15% of residents across Ontario have disabilities.
- Many Torontonians with disabilities have challenges finding appropriate housing due to a lack of accessible, affordable units and also face various physical, mental, and social and economic barriers, leading to increased risk of poverty.
- There are about 450 people on the social housing waitlist in need of a wheelchair accessible unit.
- Through Phase One, a **minimum of 1,365 accessible units** will be created.
- As Toronto's population ages, the need for accessible units will increase.
- In recognition of the growing need for accessible homes, and to help Toronto's population age in place, moving forward, staff will explore ways to **enhance accessibility** and include **universal design** features for the Housing Now sites.
- This will need to be done in a meaningful way with a focus on the principles of **equity and inclusiveness**.

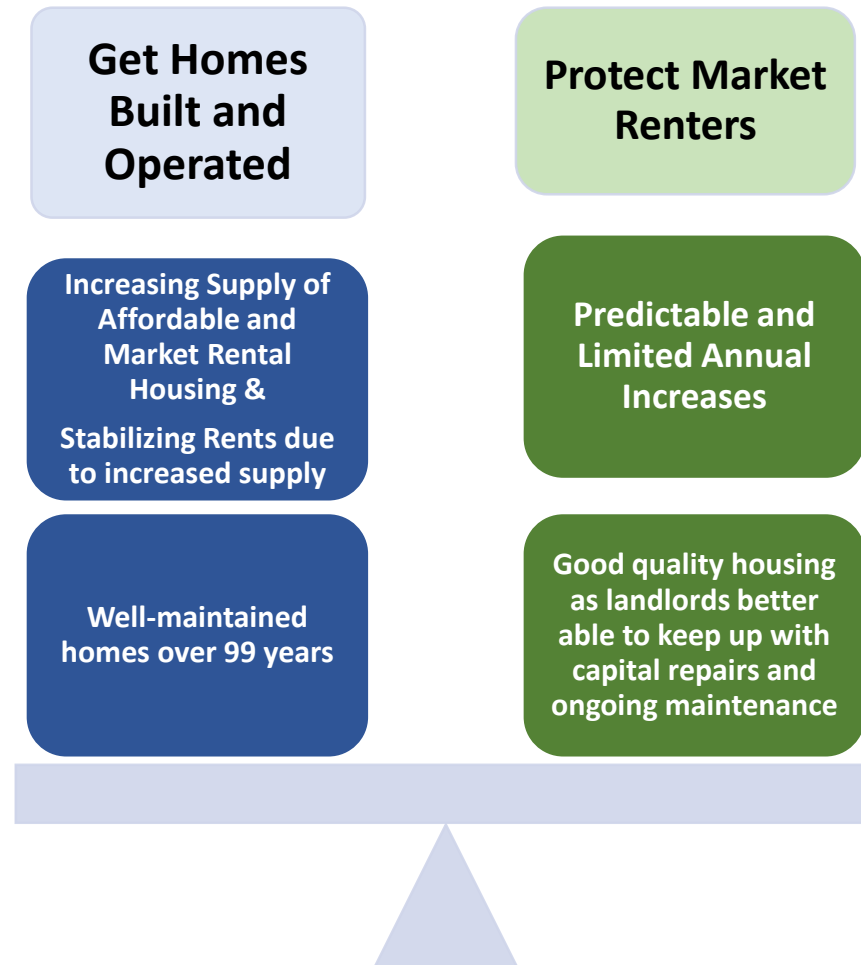
Protecting Market Renters: *Context*

Below are some of the key considerations that informed the report recommendations:

- **Provincial Regulation:** Rent control was eliminated for new rental units built after November 2018 across Ontario – this means landlords can increase annual rents without limitations.
- **Housing Conditions:**
 - Insufficient supply of rental housing - vacancy rates around 1.5%.
 - Rents rising faster than incomes.
 - Renters are increasingly at risk of having to pay unaffordable rents (over 30% of income) or being economically evicted through unreasonable annual increases.
- **Investment Conditions:** The current weakened/uncertain market conditions may impact future bids and access to capital.
- **Cross-Subsidization:** value from market units (rental & ownership) is used to cross-subsidize development of affordable rental units.
- **Early Marketing Results:** Limiting annual rent increases is acceptable to most non-profit and private sector developers and operators based on bids received for the first two Housing Now sites.





Protecting Market Renters: *Finding The Right Balance*

Focus is on improving the lives of future renters and also continuing to attract non-profit and private sector interest to get the homes built and ensure that they well-maintained over 99 years.



Protecting Market Renters: *Implementation*

Recommendations and considerations include:

-  **Limitations on Market Rent Increases:** Maximum limit of Provincial Guideline + 2% for all market rental units and allowance for extraordinary increases in exceptional circumstances only.
-  **Negotiate Lowest Limit Attainable:** Prioritize proponents with the lowest proposed increases over 99-year term.
-  **Enforcement and Monitoring:** City to establish mechanism to enforce and monitor rent increase limits.
-  **Return to Council:** if any market offering does not result in a viable bid.

Protecting Market Renters: *Key Benefits of Proposed Option to Limit Rent Increases*

The proposed approach achieves a balance of benefits for renters, landlords and the City

For Renters:

Predicable Rent Increases: reduces unfair rent increases by limiting annual increases permitted

Improved Housing Security: reduces risk of economic evictions

Good Quality Homes: buildings well-maintained and operated by landlords

For City:

Protects Renters: provides greater security and affordability for residents

Achieves Balance: better balances the need for renters to have affordability and housing stability, and the need of landlords to manage costs

Ability to increase the supply of affordable and market housing: maintains conditions to attract non-profit and private sector development on sites

For Proponents:

Investments in Rental Housing: maintains interest in building new rental housing from both traditional and non-traditional rental developers

Building Upkeep: provides flexibility and sufficient revenue for landlords to manage costs and maintain buildings in good condition over 99 years

Other Program Enhancements

Other enhancements to the Housing Now Initiative include:

Supporting Indigenous Affordable Housing Development

- ✓ **Sites for Indigenous housing projects, and the ownership of land** to reflect the City's commitment to reconciliation and to support capacity building amongst Indigenous organizations will be explored.
- ✓ Target for **set-aside** of units to be established as part of the HousingTO 2020-2030 Implementation Plan (will be brought to Council for approval in Fall 2020).

Expanding Partnerships to Increase Affordability

- ✓ **Non-Profit Partnerships** – participation from the non-profit sector will be required to create and operate deeply affordable housing, including supportive housing for vulnerable and marginalized groups.
- ✓ **Government and Private Sector Partnerships** - support from the federal and provincial governments, as well as the private sector will also be essential to deliver the Housing Now Initiative.
- ✓ **Market Renters** - housing benefits (such as the Canada-Ontario Housing Benefit) could be layered on the market rental homes to make them more affordable for qualifying households.
- ✓ **Affordable Housing Renters** - layering housing benefits and funding for support services on the affordable rental units would deepen affordability and create supportive housing opportunities.

Next Steps

- Additional sites will be offered on the market reflecting the recommended changes and enhancements to the program, subject to Council approval of this report.
- Staff will continue to engage with partners including the non-profit sector (including Indigenous groups and communities) and the private sector to deliver on Council objectives.
- Staff will continue to work with the Federal and Provincial governments – increased participation by other orders of government is *essential* to increasing affordability for both market and affordable renter households.
- The Housing Now Initiative is a multi-year program and will continue to be improved and refined based on lessons learned.



Thank You

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