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

### Identified Sites

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

### Unit Target Tracker**

- **Affordable Rental Units**: 844 zoning approved, 250**
  - 2,719 in progress
  - 3,813 total
- **Market Rental Units**: 844 zoning approved, 350**
  - 2,719 in progress
  - 3,913 total
- **Ownership Units**: 500 zoning approved
  - 2,548 in progress
  - 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.
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.
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>
<thead>
<tr>
<th>Affordable Rental Homes</th>
<th>Estimated Affordability Period</th>
<th>Estimated Development Charges*</th>
<th>Estimated Planning Fees and Charges</th>
<th>Estimated Net Present Value of Property Taxes</th>
<th>Estimated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>200</td>
<td>99</td>
<td>$8,088,040</td>
<td>$1,511,743</td>
<td>$5,836,458</td>
<td>$15,436,241</td>
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*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.

- **Get Homes Built and Operated**
  - Increasing Supply of Affordable and Market Rental Housing & Stabilizing Rents due to increased supply
  - Well-maintained homes over 99 years

- **Protect Market Renters**
  - Predictable and Limited Annual Increases
  - Good quality housing as landlords better able to keep up with capital repairs and ongoing maintenance
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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