

## **Partnership with United Property Resource Corporation to Create 500 New Affordable Rental Homes**

**Date:** February 16, 2021

**To:** Planning and Housing Committee

**From:** Executive Director, Housing Secretariat

**Wards:** All

### **SUMMARY**

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The HousingTO 2020-2030 Action Plan ("HousingTO Plan") established a target of approving 40,000 new affordable rental homes, including 18,000 supportive housing units by 2030. To help meet this target, the HousingTO Plan recommends partnerships with other orders of government, the private sector and non-profit organizations, including faith-based groups, to identify and set aside land to build affordable housing as part of a land bank initiative.

This report provides an update on the City's efforts to establish the land bank initiative. It also seeks Council authority for the City enter into a Memorandum of Understanding ("MOU") with the United Property Resource Corporation ("UPRC") to create affordable rental housing across the city. The UPRC is a partnership between the United Church of Canada and the Canada Mortgage and Housing Corporation (CMHC) created specifically to help communities of faith of all denominations and other non-profit organizations unlock the value of their real estate assets.

As part of the proposed MOU, the UPRC will commit to working with the City to develop up to 500 affordable rental units spread across seven sites in Toronto over the next five to seven years. To support the creation of the new affordable rental homes, provide funding certainty and help expedite future development, this report recommends City Council approval of approximately \$27,523 million in Open Door Affordable Housing incentives for the creation of up to 500 affordable rental homes.

The seven sites to be developed will be identified through future reports as site assessments and feasibility work are ongoing. In addition, all sites will be subject to the regular planning approvals and public consultation processes once identified.

## RECOMMENDATIONS

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The Executive Director, Housing Secretariat recommends that:

1. City Council authorize the Executive Director, Housing Secretariat, to negotiate and enter into, on behalf of the City, a Memorandum of Understanding with the United Property Resource Corporation on terms and conditions satisfactory to the Executive Director, Housing Secretariat, and in a form approved by the City Solicitor, to reflect the transactions terms outlined in Attachment 1 this report.
2. City Council exempt up to 500 affordable rental housing units, to be constructed on seven (7) sites to be identified through the planning approval process, from the payment of development charges, planning and building permit fees and parkland dedication fees, through the Open Door program.
3. City Council authorize the Executive Director, Housing Secretariat, to negotiate and enter into, on behalf of the City, any agreements or documents necessary including municipal housing facility agreements, with United Property Resource Corporation, or related corporations, to secure the financial assistance being provided through the Open Door Program, for the affordable housing to be developed at the sites to be identified, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, and in a form approved by the City Solicitor.
4. 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, consents, approvals, agreements or other documents that are ancillary to the any security or financing documents required by the developers of the site 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.
5. City Council authorize the Executive Director, Housing Secretariat and the General Manager, Shelter, Support and Housing Administration to provide any consent necessary to transfer or encumber any of the identified sites and to negotiate and enter into any agreements or other documents required to effect any future transfer or assignment of any of the identified sites 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.

## FINANCIAL IMPACT

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This report recommends Council approval, under the terms of the Open Door Program, to allocate financial incentives to support the creation of up to 500 affordable rental units in partnership with the United Property Resource Corporation.

The City incentives for the affordable rental homes recommended by this report are within the approved 10-year Open Door Program financial plan for the implementation of the HousingTO 2020 – 2030 Action Plan. The incentives include relief from development charges, building permit, planning application and parkland dedication fees.

Based on the City's current applicable fees and charges relief estimates, this report proposes an investment of approximately \$27.523 million in City incentives to be provided over the next 5 to 7 years, and as summarized in Chart A below.

Chart A: Open Door Incentives Proposed

Affordable Homes	Estimated Additional Development Charges*	Estimated Additional Fees and Charges**	Estimated Additional Total Value of Incentives
500	\$23,777,000	\$3,745,657	\$27,522,657

\*Calculated using November 2020 rates

\*\*Includes Building Permit fees of \$669,540, Planning application fees of \$576,117, and Parkland Dedication fees of \$2,500,000

Property taxes will be also exempted, but the timing of when such exemptions will come into effect and unit composition will be determined later (and reported out as well).

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with this MOU for consideration through the 2021 Budget Process.

## EQUITY IMPACT STATEMENT

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The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is also 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 healthy, inclusive, sustainable and complete communities.

Creating new affordable housing will increase the opportunity for structurally vulnerable and marginalized individuals, including Indigenous Peoples, Black people, People of Colour, seniors, women, and members of the LGBTQS2+ community to access safe, healthy and adequate homes.

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

## **DECISION HISTORY**

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On December 17 and 18, 2019, City Council adopted PH 11.5 HousingTO 2020-2030 Action Plan. The Action Plan commits to approving the development of 40,000 affordable rental homes by 2030. Specific to this report is the recommendation in the Action Plan that calls for the City to enter MOUs with faith based groups to identify surplus land to build affordable rental housing. The City Council Decision can be found here:

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

City Council on December 9 and 10, 2015, adopted EX10.18 Affordable Housing Open Door Program, with amendments, which detailed land, planning and financial actions to enhance the City's ability to deliver affordable housing and achieve its approved housing targets. Council adopted actions to better utilize surplus public lands and provide financial contributions for new affordable housing from the City's Development Charges Reserve Fund for Subsidized Housing (XR2116). The City Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

## **COMMENTS**

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### **HousingTO 2020-2030 Action Plan and the Land Bank Initiative**

As part of the HousingTO 2020-2030 Action Plan ("HousingTO Plan"), the City established a target of approving 40,000 affordable rental homes, including for 18,000 supportive housing by 2030. One key action to achieve this objective is through partnerships with other orders of governments and the private and non-profit sectors to identify surplus land for the development of new affordable rental housing through a land bank initiative.

The aim of the land bank initiative is to work with key partners to develop an inventory of sites that can be activated over time to create affordable rental housing in all areas of the city. The partners would contribute land and other resources to support the development and operation of the new housing, and the City would provide financial incentives to help make the projects financially viable.

Faith-based organizations were identified as key partners to establish the land bank initiative. Discussions with faith-based organizations during the HousingTO Plan consultations highlighted the opportunity to redevelop churches and other properties owned by faith-based organizations to serve a social purpose of building affordable

housing, while also generating revenue to revitalize important community assets and meet ongoing operating needs.

Discussions are in the early stages with a number of faith-based groups across the city to explore development opportunities. However, the MOU with the UPRC is the first multi-site proposal to develop a significant number of affordable rental units, with an estimated 500 units to be developed over the next five to seven years.

## **United Properties Resource Corporation**

The UPRC was founded in 2020 by the United Church of Canada in partnership with CMHC. It is a real estate development corporation that works with communities of faith and non-profit organizations to help preserve their gathering spaces/presence in the local community through maximizing the value of their real estate holdings.

UPRC and the United Church of Canada have made a national commitment to CMHC to build and operate 600 affordable housing units by 2025, 2,500 affordable units by 2030, and a total of 5,000 affordable units by 2037 across the country. UPRC is dedicated to providing housing for low and moderate income households in the form of purpose-built affordable and market rental units. In addition to the United Church of Canada, UPRC is working with a number of other not-for-profit organizations and other religious denominations on similar projects.

## **UPRC Proposal to Build 500 Affordable Rental Homes in Toronto**

As part of the national commitment to build 5,000 affordable homes by 2037, UPRC has committed to build 10% or 500 of those homes in Toronto. UPRC is currently working with the United Church to identify suitable sites within its portfolio, and complete pre-development work including feasibility assessments. Once sites have been identified, UPRC will engage with City Planning, ward Councillors and the local communities to advance the developments as contemplated in the MOU.

## **Affordable Housing Requirements**

The UPRC has committed to building a mix of affordable and market rental housing at each site to be owned and operated by a non-profit entity. A minimum of 30% of the units would be rented at 100% or below Average Market Rent, with UPRC working with the City on a site-by-site basis to deepen affordability by layering on housing benefits. In addition, a minimum of 20% of the units will also be accessible and UPRC will incorporate universal design features. Further, a key component of every site will be to preserve important community amenity space and heritage features. Additional details related to the proposed affordable housing can be found in Attachment 1.

## **Conclusion**

In order to meet the HousingTO Plan targets and increase the supply of purpose-built affordable and market rental housing in all neighbourhoods across the city, partnerships like the one proposed in this report with UPRC are essential. The proposed partnership will help activate land owned by the United Church through the allocation of City Open

Door incentives to create perpetually affordable rental homes. These homes will assist low-and-moderate-income households, including vulnerable and marginalized individuals who have been structurally and systemically disadvantaged, to access safe, adequate, affordable housing.

## **CONTACT**

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## **SIGNATURE**

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## **ATTACHMENTS**

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Attachment 1 – MOU Proposed Terms and Conditions