

Status Update on Achieving Additional Affordable Housing in Villiers Island

Date: April 8, 2022

To: Planning and Housing Committee

From: Chief Planner and Executive Director, City Planning and Executive Director,
Housing Secretariat

Wards: Ward 14

SUMMARY

This report aims to address the November 2021 City Council direction for a status update on the work underway to achieve additional affordable housing in Villiers Island. This staff report outlines how the City of Toronto, CreateTO, and Waterfront Toronto staff are developing an affordable housing strategy that will maximize housing options in Villiers Island to deliver a complete, sustainable, and mixed-use community.

Over the past two decades waterfront revitalization, facilitated by the three levels of government through Waterfront Toronto, has produced new complete communities on underused and contaminated industrial land. Planning and delivering the necessary hard infrastructure, public facilities, and services to support new neighbourhoods has required significant and coordinated long-term investments from all levels of government.

A sufficient number of perpetually affordable rental homes at a sufficient level of affordability is crucial to supporting the vision of complete communities in Toronto's Designated Waterfront Area. The Designated Waterfront Area stretches from Dowling Avenue in the west to Coxwell Avenue in the east. It includes Exhibition Place, Ontario Place, the Central Waterfront, East Bayfront, the West Don Lands, and the Port Lands (see map Figure 1). Since 2003, approximately 1,400 affordable housing units have been built or are under construction in the Designated Waterfront Area. An estimated 1,900 units of affordable rental housing are in the development pipeline.

Villiers Island is the first opportunity to build a new mixed-use community in Toronto's Port Lands. The roughly 20-hectare (50 acres) area will become available for planned development following the completion of the Port Lands Flood Protection Project in 2024. The City of Toronto, CreateTO, Ports Toronto and Waterfront Toronto own much of the developable land on Villiers Island.

The Council-adopted Port Lands Planning Framework (the Planning Framework), Villiers Island Precinct Plan (the Precinct Plan), and Port Lands Official Plan Modification (OPM) will guide the community's development. These documents identify permissible residential, commercial, catalytic and community uses and key City-building objectives.

A key principle of the Precinct Plan is to create permanent and long-term affordable rental homes. The Precinct Plan recommends that affordable housing constitutes a minimum of 20% of the total residential floor area on publicly owned lands and, depending on the delivery model, between 10% and 20% on private lands. The target was estimated to deliver about 835 to 882 affordable housing units on public and private land.

The Planning Framework also provides direction in Section 4.5.8. for City staff and Waterfront Toronto to "investigate opportunities to achieve additional affordable housing in Villiers Island, over and above the minimum requirements in this Framework, potentially in the form of co-operative housing, rent-geared-to-income housing and mid-range rental housing, addressing the financial resources required and potential sources of financial support (pg. 220)."

Since City Council endorsed the Planning Framework and Precinct Plan in 2017, it has taken urgent action to provide more affordable rental housing in Toronto:

- In December 2019, City Council adopted the "HousingTO 2020-2030 Action Plan" to guide the City's efforts to address housing and homelessness needs over the next ten years;
- In January 2019, City Council approved the Housing Now Initiative to use City-owned lands to support affordable rental housing development within transit-oriented, mixed-income, mixed-use, complete communities; and
- In August 2020, City Council adopted the "Housing and People Action Plan." The plan identified immediate actions to accelerate and expand funding and the supply of rental housing through policy and financial tools.

The City, CreateTO, and Waterfront Toronto are committed to responding to the urgent priorities identified in these Action Plans. The City, CreateTO, and Waterfront Toronto are developing strategies consistent with the existing Planning Framework to maximize housing options on Villiers Island and to deliver a complete community that provides a diverse range of homes for Torontonians and allows people to thrive.

Affordable Housing Strategies

Like new communities in the West Don Lands, East Bayfront, and Lower Yonge, Villiers Island will be developed over many years in multiple phases. Enabling this development requires investments in municipal services, infrastructure, soil remediation, the public realm, and affordable housing.

When fully built out, Villiers Island will have a minimum of 20% and a target of 30% of units as permanently affordable housing on public lands. To plan and prepare for these investments and the long-term development program for Villiers Island, Waterfront Toronto, working with CreateTO and City staff, is developing a Business and Implementation Plan. City staff will report on this plan to City Council in the first half of 2023 and CreateTO staff will report to the CreateTO Board of Directors. The affordable housing strategy for Villiers Island will:

- Include a minimum of 20% and a target of 30% affordable rental homes on public lands, secured for 99 years or longer, aligned with the City's new income-based definition of affordability;
- Include a mix of unit types and sizes, with at least 20% of homes designed with accessibility features;
- Explore non-profit partnerships, including non-profit management of affordable housing, especially Indigenous-led housing organizations and other organizations who support equity deserving groups; and
- Leverage the unique tri-government partnerships and governance structure to secure financing and equity funding from all orders of government to effectively deliver the affordable housing.

Several delivery models are under consideration to achieve these objectives. Possible models include: providing land for affordable housing development by non-profit organizations; long-term lease of completed units to non-profit organizations; and private and non-profit development partnerships.

City, CreateTO, and Waterfront Toronto staff will advance work in 2022 to assess these delivery models. These models will be evaluated based on several factors, including the length of time before housing is delivered and the level of funding required.

Work will include undertaking market soundings with non-profit housing providers, exploring Indigenous-led housing solutions and partnerships with Toronto Seniors Housing Corporation, aligning priorities with other orders of government, and identifying funding opportunities. This research and engagement will inform financial modelling, a phasing strategy, enabling infrastructure programs, and the ultimate funding approach.

City, CreateTO, and Waterfront Toronto staff are developing a strategy to deliver more affordable housing and the necessary infrastructure and public realm to support the Villiers Island community. Continued tri-government investment in waterfront revitalization and innovative partnerships will be essential to advancing Villiers Island's vision and maximizing housing options.

RECOMMENDATIONS

The Chief Planner and Executive Director, City Planning and Executive Director, Housing Secretariat recommend that:

1. Planning and Housing Committee receive this report for information.

FINANCIAL IMPACT

The recommendation in this report has no financial impact. Outcomes of planning studies and Council approved initiatives pursuant to this development effort may result in financial impacts to the City, which are yet to be determined.

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

DECISION HISTORY

Port Lands Planning Initiatives Final Report and Ontario Land Tribunal Appeals

At its meeting on December 8, 2017, City Council adopted the staff report from the Deputy City Manager, Cluster B, entitled "Port Lands Planning Initiatives – Final Report." Council adopted the Port Lands Planning Framework, endorsed the Villiers Island Precinct Plan, and included directions on changes to the Official Plan and further planning studies to be undertaken.

The City Council decision and staff report are available here:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG24.6>

At its meeting on December 15, 2021, City Council adopted the staff report from the City Solicitor on the Port Lands Official Plan Modification Ontario Land Tribunal Appeals (Phase 2). Council directed the City Solicitor to support several proposed policy modifications at the Ontario Land Tribunal, Port Lands OPM Hearing (Phase 2).

The City Council decision and staff report are available here:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.CC38.13>

On February 2, 2022, and March 9, 2022, City Council directed the City Solicitor to support further modifications at the Ontario Land Tribunal, Port Lands OPM Hearing (Phase 2).

The City Council decisions and staff reports are available here:
February 2022:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.CC39.5>
March 2022: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.CC41.8>

Port Lands Zoning Review Study – Final Report

At its meeting on October 2, 2019, City Council adopted the report from the Director, Community Planning, Toronto and East York District, entitled “Port Lands Zoning Review Study – Final Report.” Council adopted zoning by-law amendments to align Zoning By-law 569-13 with the Port Lands Planning Framework and implementing Official Plan Modification.

The City Council decision and staff report are available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.TE8.13>

HousingTO 2020-2030 Action Plan

At its meeting on December 17, 2019, City Council adopted the report entitled “HousingTO 2020-2030 Action Plan.” Council recommended its actions as the framework to guide the City's efforts over ten years to strategically and effectively address housing and homelessness needs.

The City Council decision and staff report are available here:

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

On September 30, 2020, City Council adopted the “HousingTO 2020-2030 Implementation Plan”. Council established a set-aside target of 5,200 affordable and supportive homes to be approved for Indigenous communities and be delivered by Indigenous housing providers.

The City Council decision and staff report are available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH16.5>

Next Phase of Waterfront Revitalization

At its meeting on November 9, 2021, City Council adopted the report from the Deputy City Manager, Infrastructure and Development Services, entitled “Next Phase of Waterfront Revitalization.” Council directed City staff to provide a status update on the progress of the Council direction to investigate opportunities to achieve additional affordable housing in Villiers Island, over and above the minimum requirements in the draft Port Lands Official Plan modification.

The City Council decision and staff report are available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX27.6>

COMMENTS

Affordable Housing in the Designated Waterfront Area

In 2003, Provincial legislation established the Toronto Waterfront Revitalization Corporation (now Waterfront Toronto) to revitalize underutilized and contaminated

industrial land on Toronto's waterfront, working with the three levels of government and their agencies.

Building affordable housing is a crucial objective of the City's Central Waterfront Secondary Plan, which establishes the long-term vision for the waterfront. The City, Waterfront Toronto, and others have vigorously pursued opportunities to fund and deliver affordable rental homes in the West Don Lands, East Bayfront, and Keating precincts. By being flexible in using different delivery methods and offering affordable rental homes at the pace of market development, the City has made progress on its affordable housing objectives for the waterfront.

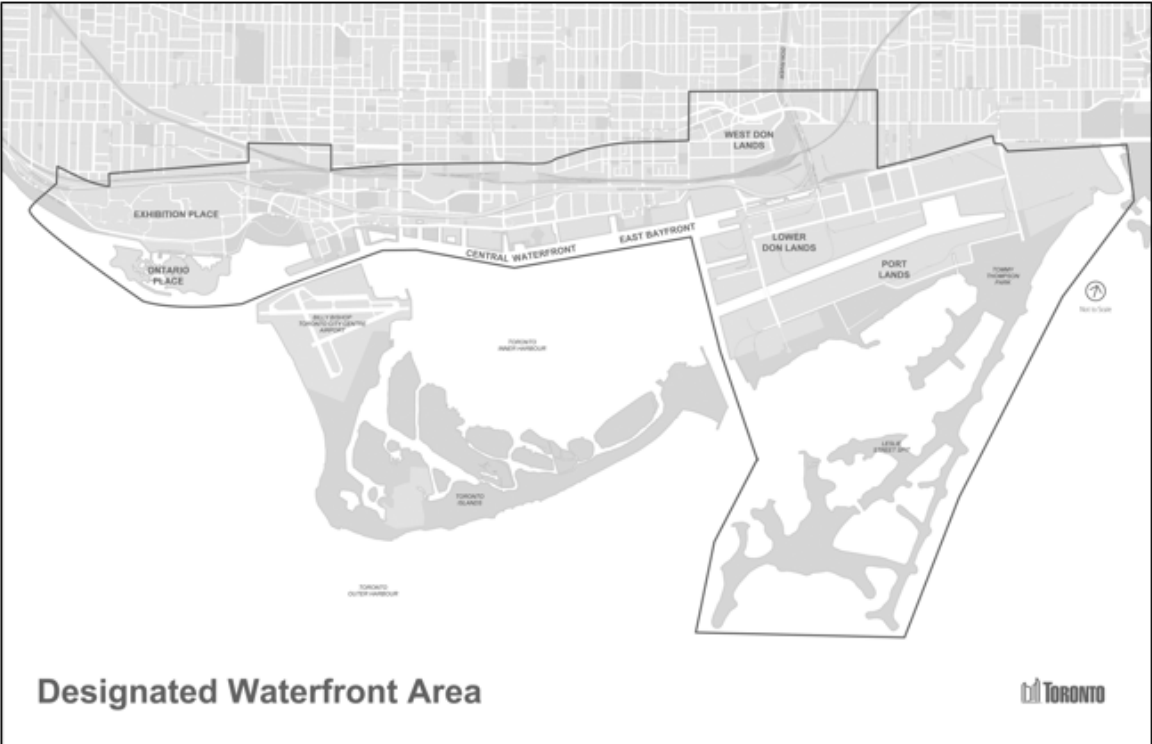


Figure 1: Map of the City's Designated Waterfront Area

West Don Lands

The West Don Lands Affordable Housing Delivery Strategy stipulates that at least 20% of the total units in the West Don Lands will be affordable rental homes. The precinct includes a mix of units that will accommodate families with children and units that suit the lifestyle of singles and seniors.

Since 2006, approximately 500 affordable rental homes have been built in the West Don Lands. Approximately 500 affordable rental homes are currently under construction, and about 200 are in the development pipeline.

For the first affordable housing development in the West Don Lands, Waterfront Toronto partnered with Toronto Community Housing to deliver 243 affordable housing units. The Province provided the land for this first development at no cost to Toronto Community

Housing. The City's contribution included waivers for municipal property tax, development charges, and planning, building, and parkland dedication fees.

The Province with Waterfront Toronto delivered the second and third affordable housing developments as part of the Pan Am Athletes' Village in the West Don Lands. In 2012, the City, Waterfront Toronto, and Infrastructure Ontario selected two non-profit organizations, Wigwamen Incorporated and Fred Victor Centre, under a provincial Affordable Housing Program to deliver 253 affordable rental units. The projects also received relief from development fees and charges from the City and property tax exemptions.

In early 2017, the Province announced the Provincial Affordable Housing Lands Program (the "Program") to leverage the value of surplus provincial land assets to develop affordable housing. Infrastructure Ontario has entered into a 99-year lease with a development consortium to deliver approximately 700 affordable rental homes in the West Don Lands, which is around 30% of the total homes delivered by the Program. They include a broad range of affordability, including 10% of homes which will rent at 40% of the average market rent.

City Council approved Open Door incentives to support the construction of affordable rental housing on these blocks in the West Don Lands.

East Bayfront

The East Bayfront Zoning By-law stipulates that at least 20% of the residential housing be affordable rental homes. Initially, two sites located at the easterly end of Bayside were designated for affordable housing. These were to be delivered in the final stages of development because East Bayfront's build-out runs west to east (from Lower Jarvis Street to Small Street). In 2010, City Council requested City staff to work with Waterfront Toronto to explore options to develop affordable rental housing in the first developments on the west side of Bayside.

The outcome was an innovative opportunity to build 80 permanently affordable rental homes operated by Toronto Artscape Inc. in the same building as a new condominium. This project set a precedent for integrating a diverse mix of individuals and families into a new waterfront community. It also provided a unique and timely opportunity to leverage government investments in affordable housing with private and non-profit partners.

As part of the Bayside development, Waterfront Toronto set aside City-owned lands know as R6 Bayside to meet the 20% affordable housing target. In November 2021, City Council added this site to Housing Now as a Phase 3 site. The site will be leased for a 99-year term, at below-market rent. The development will include approximately 215 new affordable rental homes operated by a non-profit housing provider.

In February 2022, Waterfront Toronto announced that it would begin negotiations with Quayside Impact Limited Partnership to develop the Quayside site. Among the highlights of the Quayside proposal was to create more than 800 affordable housing units, more than doubling the affordable housing Waterfront Toronto has brought to the

waterfront. City staff will be providing City Council with an update on Quayside in Q2 2022.

Negotiated Affordable Housing Benefits

The City of Toronto and Waterfront Toronto will continue to work with private landowners to achieve the affordable housing targets identified in the Central Waterfront Secondary Plan. Approximately 300 affordable rental homes secured through Section 37 agreements and landowner agreements are under construction. City staff estimate an additional 700 affordable rental homes have been secured through Section 37 agreements and landowner agreements and are in the development pipeline for the Designated Waterfront Area.

Affordable Housing Strategy Direction for Villiers Island

In November 2021, City Council considered a general update on Waterfront Revitalization, including comments on a further phase. The update identified the planning and implementation of the development vision for Villiers Island as a primary focus of City, Waterfront Toronto and CreateTO staff, starting with a comprehensive Business and Implementation Plan.

Villiers Island, located in the northwest area of the Port Lands, represents the first mixed-use development opportunity in the Port Lands, to follow the completion of the Port Lands Flood Protection project in 2024. Guided by the Planning Framework and the Precinct Plan, the planning vision for the precinct is for a new, sustainable mixed-use community surrounded by four unique waterside edges. Villiers Island is planned to accommodate up to 10,700 residents and 2,900 jobs. It will be a complete community, including office, retail and residential uses, with community infrastructure (such as a school and community centre), and catalytic uses.

The City, Waterfront Toronto, and CreateTO are currently undertaking a range of technical studies to inform the planning and implementation work for Villiers Island. The studies include detailed work on infrastructure planning, noise and air quality mitigation, environmental and geotechnical analysis, climate strategy, parks and public realm, economic impact, and affordable housing strategies. The Council adopted Planning Framework, Precinct Plan, and Official Plan Modification provide the essential guides for Villiers Island's development and the affordable housing strategy.

The Planning Framework

The Planning Framework and the Precinct Plan envision Villiers Island as an inclusive community. A place where people of all incomes, ages, and abilities coexist and can equally participate in all aspects of community life. In pursuit of these objectives, the Precinct Plan identifies strategies to guide the delivery of affordable housing on Villiers Island. These include:

- Ensuring that a minimum of 20% of units on public land will be affordable rental homes, spread across Villiers Island in either mixed-income buildings or stand-alone buildings;
- Securing financing, funding and partnerships with affordable housing developers and operators to build and operate the units;
- Identifying opportunities to achieve an even higher percentage of affordable rental housing at deeper affordability levels; and
- Aiming for the affordable housing to be included as early as possible within the phasing of the development of Villiers Island.

Many of the policies from the Precinct Plan, including land use, sustainability and climate positive, and affordable housing policies were subsequently included in an Official Plan Modification to the Central Waterfront Secondary Plan for the Port Lands. The Port Lands Official Plan Modification was brought partly into force by an Ontario Land Tribunal decision in May 2021, with resolution of land use, land use compatibility and transportation issues. The City and Waterfront Toronto are working with the remaining appellants to resolve the outstanding issues.

A key driver for the number of affordable housing units that will ultimately be delivered will be the density of Villiers Islands' residential blocks. City staff will prepare a zoning by-law for Villiers Island in 2023 for City Council approval. The By-law will translate the approach to built form indicated in the Precinct Plan and articulated in the Official Plan Modification into development permissions.

HousingTO 2020 -2030 Action Plan

The HousingTO 2020 -2030 Action Plan (HousingTO Plan) provides a blueprint for action across the whole housing spectrum – from homelessness to rental and ownership housing to long-term care for seniors. This plan was created following a comprehensive public and stakeholder consultation in 2019 and sets an aggressive housing agenda focused on supporting people over the next ten years. Most notably, the HousingTO Plan sets a ten-year target of approving 4,000 affordable ownership homes and 40,000 affordable rental homes, including 5,200 homes to be delivered by Indigenous organizations for Indigenous communities.

The development of Villiers Islands presents a unique opportunity to support the HousingTO Plan, given Villiers Islands' high proportion of public ownership, the unique tri-government partnership, the experience with innovative delivery methods, and the ambitious standards for the design and delivery of complete and sustainable communities.

Delivering an Affordable Housing Strategy for Villiers Island

To create a complete, inclusive community and realize the guiding vision of the Precinct Plan, the City, CreateTO, and Waterfront Toronto are studying the following strategies to establish costs, identify funding, and inform an implementation plan:

Secure a minimum of 20% and a target 30% of units as permanently affordable rental housing on public lands

Consistent with City Council direction, project staff are investigating opportunities to achieve additional affordable housing in Villiers Island, over and above the minimum 20% of the total residential floor area requirements in Precinct Plan with a target 30% on public lands. The affordable rental homes approved on this site will contribute to the City's target of approving 40,000 affordable rental homes by 2030 as set through the HousingTO Plan.

To deliver the proposed affordable housing outcomes, Waterfront Toronto is developing a Business and Implementation Plan in partnership with the City and CreateTO. The Business and Implementation Plan will determine the funding and financing required to make the development of Villiers Island and its many public policy objectives financially viable. City staff will report on this plan to City Council in the first half of 2023, and CreateTO staff will report to the CreateTO Board of Directors.

The Business and Implementation Plan will define how the City, CreateTO, and Waterfront Toronto can advance the affordable housing strategy within the broader context of creating an interconnected and complete community. The Plan will identify the necessary investments, including investments from other orders of government, and timing for delivering public realm, sustainability, transportation, services, community infrastructure, environmental remediation, economic development and social equity projects in the former industrial area.

Include a mix of unit types and sizes, with at least 20% of homes designed with accessibly features

The affordable housing strategy will include targets for unit types (i.e. 2 and 3-bedroom units). City, CreateTO, and Waterfront Toronto staff will define the exact unit mix site-by-site. Unit sizes will follow the Affordable Housing Design Guidelines, and the City Council adopted Growing Up Guidelines for market units.

The HousingTO Plan aims to approve 40,000 affordable rental homes, including 18,000 new supportive homes by 2030. City staff, CreateTO, and Waterfront Toronto will consider potential sites where supportive housing opportunities on Villiers Island could be delivered.

The HousingTO Plan established a set-aside target of 5,200 affordable and supportive homes to be approved for Indigenous communities and be delivered by Indigenous housing providers. City staff, CreateTO, and Waterfront Toronto, in consultation and partnership with Miziwe Biik Development Corporation and other Indigenous housing

partners, will consider sites for Indigenous housing projects to reflect the City's commitment to truth, reconciliation and justice with Indigenous Peoples.

Explore non-profit partnerships, including non-profit development and management of affordable housing

Project Staff will work with Indigenous, non-profit, co-operative and private sector housing organizations to deliver Villiers Island's affordable housing program. The City has successfully partnered with the Indigenous, the non-profit, and co-operative housing sectors on the waterfront. It will seek to leverage their experience and expertise in the long-term operation of affordable rental housing on Villiers Island.

Leverage the unique tri-government partnerships and governance structure to secure funding for affordable rental housing

Given the importance of Toronto's waterfront as an area of provincial and national significance and the priority governments have assigned to addressing the housing crisis, Villiers Island is an opportunity to attract tri-government investments that could build on the positive legacy of waterfront revitalization from the past two decades.

Conclusion

It is hoped that City staff will be able to report back in the first half of 2023 with news regarding Provincial and Federal interest in a substantial further phase of waterfront revitalization, including the opportunity to advance the development of Villiers Island and its affordable housing strategy.

Staff will report comprehensively to Executive Committee in the first half of 2023 on business and implementation planning work and an affordable housing strategy for the Villiers Island Precinct.

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