

## **Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes**

**Date:** October 17, 2023

**To:** Executive Committee

**From:** Deputy City Manager, Development and Growth Services

**Wards:** All

### **REASON FOR CONFIDENTIAL INFORMATION**

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Confidential Attachment 1 to this report involves the security of property belonging to the City of Toronto, Build Toronto Inc./CreateTO and Toronto Community Housing Corporation.

This report also deals with a proposed or pending acquisition or disposition of land by the City of Toronto, Build Toronto Inc./CreateTO and Toronto Community Housing Corporation.

Further, the attachment to this report contains commercial, financial and technical information supplied in confidence to the City of Toronto by Build Toronto Inc./CreateTO and Toronto Community Housing Corporation, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

### **SUMMARY**

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Despite the City of Toronto taking an increased role in the delivery of new affordable homes in recent years, Toronto's housing and homelessness crisis has worsened and now demands an even more robust range of actions across the housing continuum to adequately address the needs of current and future residents. Increasing the supply of new homes across the full continuum is necessary to reduce pressures throughout the entire housing system, improve housing affordability and access particularly for lower- and middle-income households, and to support growth.

In recognition of the urgent need to expedite efforts to transform Toronto's housing system, at its meeting of September 6, 2023, City Council adopted [Item EX7.2](#) and

directed the City Manager, in consultation with the Deputy City Manager, Development and Growth Services, to work with agencies, boards, corporations and divisions to assess preliminary cost estimates and create a plan, including an implementation framework with timelines, to achieve 25,000 new rent-controlled homes, including new affordable rental, rent-g geared-to-income (RGI), and market rental homes. City Council also requested staff to identify current, suitable parcels of land owned by the City, co-operative (co-op) and non-profit housing providers, government organizations and other partners, that can be immediately activated for housing development. Further, Council requested an update on the financial contributions required from both the federal and provincial governments to enable successful delivery of the new homes.

The new targets identified in [Item EX7.2](#) amend and increase the City's previous [HousingTO 2020-2030 Action Plan \(HousingTO Plan\)](#) target of approving 40,000 affordable rental homes by 2030 (now 65,000 rent-controlled homes, comprising 6,500 RGI, 41,000 affordable rental and 17,500 rent-controlled market units). The new targets also support delivery of the [Housing Action Plan 2022-2026 \(Housing Action Plan\)](#), which is focused on enabling both market, non-market and mixed income housing production in order to achieve or exceed the provincial housing target of 285,000 new homes over the next 10 years (see Figure 1 on page 19).

This report responds to Council's requests and outlines several recommended actions, as well as highlights initiatives underway, which will make a generational change to transform and strengthen Toronto's housing system and expedite delivery of the HousingTO and Housing Action Plan targets, including:

- **Dedicating more City-owned land to create new affordable homes-** advancing due diligence on 40 additional City-owned sites (including sites owned by agencies, boards and corporations) that have been identified as potential future housing sites (Confidential Attachment 1);
- **Accelerating the delivery of 'housing ready' projects on City and non-profit owned land** – this includes almost 16,000 – 17,500 net new affordable rental, RGI and rent-controlled market homes on land owned by the City (Attachment 2) and almost 2,000 affordable and RGI homes owned by the non-profit sector;
- **Streamlining and Optimizing People, Processes, and Technology to Expedite Approvals and Housing Delivery**, including:
  - organizational and resource re-alignment;
  - process improvement (including a new Toronto Building Citywide Priorities Team to streamline the building permit process); and
  - utilizing new and enhanced technology solutions to improve efficiencies and expedite the planning and building application review and approval processes.
- **Developing New and Sustainable Funding Models** – exploring new and sustainable funding models to expand the delivery of affordable and RGI homes within mixed-income and sustainable communities; and
- **Supporting the Non-profit and Co-operative Housing Sectors** - additional measures, including City development support, to support the non-profit sector.

The actions outlined in this report will build upon and align the City's recent and ongoing initiatives to increase housing supply, remove regulatory barriers and support a housing system shift. These include: implementation of the Open Door, Housing Now, Modular

Housing, and Rapid Housing Initiative programs; zoning by-law amendments to eliminate most minimum parking standards; as-of-right zoning permissions for multi-tenant housing, secondary suites, garden and laneway suites; multiplexes and establishing minimum densities in Protected Major Transit Station Areas (PMTSAs), along with accompanying affordable housing requirements through Inclusionary Zoning, subject to approval of the PMTSAs by the Government of Ontario. Staff will continue to report to Council periodically on implementation progress, as well as to highlight key risks associated with delivery of the City's housing objectives.

Additionally, all actions and investments will centre around:

- **People** – ensuring that there are a range of new homes for a range of incomes, with a focus on low-and-middle income households, including people experiencing homelessness and renters; promoting housing stability for renters long-term; and increasing access to support services.
- **Equity and Reconciliation** – supporting Indigenous residents and those from equity-deserving groups, including racialized people, seniors, 2SLGBTQ+ persons, people with disabilities, newcomers, women and gender diverse people, and youth, to access and maintain safe, adequate, and affordable homes.
- **Strengthening and shifting the housing system to deliver more non-market housing** – a renewed focus on the public delivery of sites; increasing public and non-profit owned housing stock (including new co-operative homes) through new development as well as acquisitions; increasing the supply of net new RGI homes; increasing the supply new affordable and rent-controlled market rental homes; and increasing access to affordable homeownership opportunities.
- **Sustainability and Predictability** – creating sustainable, mixed-income buildings within complete communities; and mechanisms for more predictable funding.
- **Climate action** – creating new energy efficient homes and improving the condition of existing homes.
- **Urgency** - expedited delivery of new homes, particularly RGI and affordable homes.

The City of Toronto, with its partners, stands ready to quickly build more affordable homes. The City will continue to leverage its limited resources and tools to support the delivery of new affordable and RGI homes, within mixed-income, complete communities. As outlined in Attachment 2, with the support of the federal and provincial governments, between 16,000 and 17,500 homes on City lands can be expedited, with almost half of these delivered within the next five years. Pending further due diligence, a number of additional City-owned sites in Confidential Attachment 1 can also be added to this pipeline.

Of the overall 65,000 new rent-controlled homes target, funding has already been secured to deliver 4,455 homes. The estimated cost to deliver the remaining 60,545 homes is between \$28.6 billion and \$31.5 billion. However, the estimated contribution/funding required from each order of government over the next 7 years is between \$500 million to \$800 million per year, net of repayable loans/financing (see Financial Impact section). With access to low-cost financing, the contribution/grants required from each order of government can be further reduced. The City will also work

with developers on a site-by-site basis to identify additional opportunities to reduce cost. These required financial investments, although significant, are necessary to restore some level of affordability after decades of insufficient public investments in housing.

As all orders of government focus on building new affordable homes, efforts must equally concentrate on protecting the existing supply of homes to ensure net growth of the affordable housing stock. To highlight this need, for every 1 new affordable unit built in Toronto, it is estimated that 15 existing private affordable units are lost. The City has ramped up efforts in this regard, and at its meeting on October 11, 2023, through [Item 2023.EX8.7](#), City Council voted to increase investments in the City's [Multi-Unit Residential Acquisition \(MURA\) program](#) which is focused on acquisition of existing private rental stock to convert to permanently affordable non-profit homes. These investments will help curb housing speculation and its downstream social and economic impacts including housing cost/rent escalations, weakened protections for renters, and increased rates of evictions and homelessness.

Addressing the current housing crisis is critical to supporting the social, economic, and cultural growth and prosperity of Toronto, the region and rest of the province, and the country. While the City is committed to taking every possible action within its jurisdictional and financial capacity to tackle the housing crisis, strengthened partnerships with the federal and provincial governments are needed to complement Toronto's efforts. Specifically, new and enhanced policy, program and financial tools are urgently needed to meet Toronto, Ontario and Canada's respective housing supply targets. This includes a new fiscal deal to support the structural changes that will put Toronto on a path to long-term financial sustainability plus a commitment from the federal and provincial governments to invest in the HousingTO Plan. Collaboration across governments and sectors will also be essential to increase labour market and supply chain capacity to significantly scale up the production of new homes.

## **RECOMMENDATIONS**

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The Deputy City Manager, Development and Growth Services recommends that:

### *Financial and Implementation Considerations*

1. City Council request the Executive Director, Housing Secretariat to develop a new community housing sector strategy aimed at protecting existing non-profit homes and co-operative homes on City land that are approaching end of lease terms, end of mortgage, and/or end of operating agreement terms, and to increase the stock of net new non-profit and co-operative homes, and report back by Q4 2023.
2. City Council request the Executive Director, Housing Secretariat to review the Open Door Affordable Rental Program in light of Council's revised HousingTO Plan targets that include both affordable rental (including RGI) and rent-controlled market units as set out in Recommendation 1 of Item EX7.2, and report back by Q1 2024 with recommendations in respect of the program to support the delivery of a full range of rent-controlled purpose-built rental homes.

3. City Council request the Executive Director, Housing Secretariat to review the City's Affordable Home Ownership Policy and Program Framework, with consideration of the Auditor General's recommendation in Item AU6.3, an assessment of the value of funds held in existing affordable home ownership programs and the value of affordable ownership revolving loans to be repaid, and the impacts of the Government of Ontario's More Homes Built Faster Act, 2022 (Bill 23), and report back with recommendations to amend the City's program by Q2 2024.

4. City Council direct the Deputy City Manager, Development and Growth Services, in consultation with appropriate Divisions Heads, CreateTO, and Toronto Community Housing Corporation, to advance early due diligence work on the list of potential housing sites outlined in Confidential Attachment 1, and report back by end of Q2 2024, with a prioritized list and recommendations, including any financial implications, to advance appropriate sites for housing purposes.

5. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it pertains to a proposed or pending acquisition or disposition of land by the City of Toronto, Toronto Community Housing and/or Build Toronto Inc./CreateTO, deals with a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the City, and which contain financial information, supplied in confidence to the City of Toronto, which, if disclosed, could reasonably be expected to prejudice the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

6. City Council direct the Deputy City Manager, Development and Growth Services to:

a. advance a City-led development model at five 'housing ready' sites (Attachment 2) located at 405 Sherbourne St., 150 Queens Wharf Rd., 1113-1117 Dundas St. W., 11 Brock Ave. and 25 Bellevue Ave., whereby the City leads all aspects of the delivery of these sites under a 'public builder model' including undertaking all due diligence, and report back by Q3 2024 with a status update and to identify any tools and new approaches needed to expand this model to additional sites; and

b. identify opportunities to accelerate delivery of the 47 other City-owned 'housing ready' sites (Attachment 2) and the 31 non-profit owned sites, in partnership with federal and provincial governments, as well non-profit and private sector development partners.

7. City Council request the Executive Director, Housing Secretariat, in collaboration with the Chief Planner and Executive Director, City Planning, to engage with the Toronto Alliance to End Homelessness, Miziwe Biik Development Corporation, the Co-op Housing Federation of Toronto, Kindred Works, community land trusts, and others as deemed appropriate, to identify lands owned by Indigenous, non-profits and co-op housing providers and faith-based groups, that can be activated to create new homes and report back by Q2 2024.

8. City Council authorize the Executive Director, Housing Secretariat to negotiate and enter into, on behalf of the City of Toronto, a Memorandum of Understanding and funding agreement with the Toronto Alliance to End Homelessness, to advance the parties' shared objectives including increasing deeply affordable rental and supportive housing and provide funding in the amount of up to \$115,000, included in Housing Secretariat's approved 2023 operating budget, on such terms and conditions outlined in Attachment 4, and on such other or amended terms and conditions acceptable to the Executive Director, Housing Secretariat and in a form satisfactory to the City Solicitor.

9. City Council request the Deputy City Manager, Development and Growth Services to engage with United Way Greater Toronto, the Atkinson Foundation, and others as deemed appropriate, to explore collaborative opportunities that support non-profit led affordable housing development and acquisition projects and create new affordable and RGI homes, with a particular focus on community service infrastructure needed for equitable and complete mixed-income communities, and to report back to Council by Q2 2024 with an update on this initiative.

10. City Council request the Deputy City Manager, Development and Growth Services to engage with the federal and provincial governments, Indigenous organizations, non-profit and co-op housing organizations, financiers, academic institutions, philanthropic organizations and private sector organizations (including large employers), to explore the establishment of a sustainable 'Toronto Housing Affordability Fund' as well as loan guarantees to support non-profit and public-led housing developments, and to report back to Council by Q2 2024 with recommendations to advance this initiative.

#### *City-wide Alignment Considerations*

11. City Council request the Board of Directors of Toronto Community Housing Corporation to direct the President and Chief Executive Officer, Toronto Community Housing Corporation, in collaboration with the Deputy City Manager, Development and Growth Services, to review the board's current strategic plan mandated by its shareholder direction and identify opportunities for enhanced alignment to support delivery of the City's housing plans and targets.

12. City Council request the Board of Directors of CreateTO to direct the Chief Executive Officer, CreateTO, in collaboration with the Deputy City Manager, Development and Growth Services, to review the organization's current mandate, and identify opportunities for enhanced alignment to support delivery of the City's housing plans and targets.

13. City Council request the Deputy City Manager, Development and Growth Services, in collaboration with appropriate Division Heads, the Chief Executive Officer, CreateTO, and the Chief Executive Officer, Toronto Community Housing Corporation to report to the December 5, 2023, meeting of the Executive Committee, with recommendations to ensure alignment of the strategic plan of Toronto Community Housing Corporation and mandate of CreateTO, with the City's housing plans and targets.

14. City Council request the Board of Directors of Toronto Community Housing Corporation to request the President and Chief Executive Officer, Toronto Community

Housing Corporation, as part of a continued effort, to work with the City's Deputy City Manager, Development and Growth Services and explore options to enhance the financial viability of Toronto Community Housing Corporation in-flight and planned revitalization and infill projects, including exploring both public and private options for financing, while delivering a wider range of net new rent-controlled affordable, RGI and market rental homes and other city-building uses.

15. City Council direct the Deputy City Manager, Development and Growth Services, in collaboration with the Deputy City Manager, Corporate Services, appropriate Division Heads, the Chief Executive Officer, CreateTO, and the Chief Executive Officer, Toronto Community Housing Corporation, to harmonize all housing programs to reflect the City's income-based definition of affordable housing, as defined in City of Toronto By-Law 944-2021, to adopt Amendment 558 to the Official Plan for the City of Toronto respecting Affordable Rental and Ownership Housing Definitions, for all projects on a go forward basis.

16. City Council request the Deputy City Manager, Development and Growth Services, in collaboration with appropriate Division Heads, to combine the tracking, implementation and reporting of the HousingTO and Housing Action Plans, including cost estimates, required investments and financial commitments made to-date from the City, Government of Canada and Government of Ontario, and provide a comprehensive annual update to Council by no later than Q1 of each following year.

#### *Intergovernmental Considerations*

17. City Council request the Government of Canada to support delivery of the updated HousingTO Plan new homes target, which is also necessary to support delivery of the National Housing Strategy targets, by:

- a. urgently allocating land to develop new purpose-built affordable and market rental homes;
- b. allocating between \$500 million and \$800 million per year in grant funding to Toronto over the next 7 years;
- c. allocating \$6.5 billion and \$8 billion in low-cost financing/re-payable loans to Toronto over the next 7 years;
- d. amending the National Housing Strategy programs and establish lending criteria tailored to the unique risk profile and requirements of municipal governments and non-profits;
- e. investing in future phases of the Rapid Housing Initiative and amend the program criteria to allow projects to access financing through the Co-Investment Fund to manage cost overruns due to factors beyond control (e.g., market conditions);
- f. launching the Co-operative Housing Development Program which was promised as part of Budget 2022;
- g. launching the federal Urban Indigenous Housing Strategy and allocate funding to support the creation of new For Indigenous, By Indigenous housing in Toronto.
- h. providing loan guarantees for non-profit and public led purpose-built affordable and market rental projects;

- i. establishing a requirement that as part of any future federal land sales, at least 30% of the gross floor area be allocated for affordable housing for 99 years;
- j. adopting the City of Toronto's income-based definition of "affordable housing", and harmonize all federal housing programs, to create certainty and predictability; and
- k. developing targeted and joint immigration and housing plans to attract individuals in the skilled trades, prioritizing their applications through the immigration scoring and selection process, and ensuring available job and affordable housing opportunities upon arrival in Canada.

18. City Council request the Government of Canada to protect existing renters and rental stock by:

- a. establishing a property acquisition fund, or providing funding to augment the City's Multi-Unit Residential Acquisition Program;
- b. increasing investments to support the renovation and retrofit of existing multi-unit residential properties, including multi-tenant houses (rooming houses);
- c. urgently increasing investments in the Canada Housing Benefit program to meet unmet demand, to support newcomers, and to assist Torontonians living in severe housing need;
- d. funding eviction support and prevention programs that build on successful City of Toronto's programs including the Eviction Prevention in the Community, Toronto Rent Bank, Housing Stability Fund and Toronto Tenant Support programs, or to provide funding to the City to enhance these programs to address the growing rate of evictions;
- e. enhancing the Reaching Home program (and pairing with RHI) to create new supportive housing;
- f. increasing investments and leading an intergovernmental approach to fund, streamline, and enhance access to critical mental and physical health care, as well as addictions supports, to help people exit homelessness and achieve housing stability long term;
- g. amending the Income Tax Act to require landlords to disclose in their tax filings the rent they receive pre-and post-renovation and to pay the taxing authority a proportional surtax if the increase in rent is excessive;
- h. introducing an anti-flipping tax on residential properties sold within the first 12 months of ownership;
- i. reforming the tax treatment of Real Estate Investment Trusts; and
- j. developing policies to curb excessive profits in investment properties while protecting small independent landlords.

19. City Council request the Government of Ontario to support delivery of the updated HousingTO Plan new rent-controlled homes target, which is also necessary to support delivery of the More Homes Built Faster plan targets, by:

- a. urgently allocating land to develop new purpose-built affordable and market rental homes;
- b. allocating between \$500 million and \$800 million per year in grant funding to Toronto over the next 7 years;



- c. allocating \$6.5 billion and \$8 billion in low-cost financing/re-payable loans to Toronto over the next 7 years;
- d. immediately waiving the PST on all purpose-built rental housing projects;
- e. providing loan guarantees for non-profit and public led purpose-built affordable and market rental projects, as well as for affordable homeownership projects;
- f. establishing a requirement that as part of any future federal land sales, at least 30% of the gross floor area be allocated for affordable housing for 99 years;
- g. allowing zoning with conditions to enable the City of Toronto to secure purpose-built rental housing as part of individual site-specific zoning by-laws;
- h. limiting appeals of municipally-initiated Official Plan and Zoning By-law Amendments for purpose-built rental projects;
- i. allowing for Inclusionary Zoning to be applied across the city and approve the City's PMTSA delineations, require the homes to meet the City's income-based definition of affordable housing and ensure that affordability is secured for 99 years;
- j. adopting the City of Toronto's income-based definition of "affordable housing", and harmonize all provincial housing programs, to create certainty and predictability;
- k. introducing a time limit on planning approval entitlements related to purpose-built rental projects to incent development-ready sites to advance to construction;
- l. removing right of appeal for projects with at least 30% affordable housing in which units are guaranteed affordable for at least 50 years;
- m. increasing investments to help the Ontario Land Tribunal speed up case resolution, improve customer service and accelerate housing creation;
- n. creating an Affordable Housing Trust from a portion of Land Transfer Tax Revenue to support projects that deliver new affordable housing for Indigenous and equity-deserving groups;
- o. modernizing the Ontario Building Code and other policies to remove any barriers to affordable construction and to ensure meaningful implementation;
- p. reviewing the requirements of the Ontario Building Code Act with respect to applicable building permit fees for affordable housing projects; and
- q. developing targeted and joint immigration and housing plans to attract individuals in the skilled trades, prioritizing their applications through the immigration scoring and selection process, and ensuring available job and affordable housing opportunities upon arrival in Ontario.

20. City Council request the Government of Ontario to protect existing renters and rental stock by:

- a. increasing investments in the Canada-Ontario Housing Benefit program to meet unmet demand, to support newcomers, and to assist Torontonians living in severe housing need;
- b. allocating additional funding for eviction support and prevention programs that build on successful City of Toronto's programs including the Eviction Prevention in the Community, Toronto Rent Bank, Housing Stability Fund and Toronto Tenant Support programs, or to provide funding to the City to enhance these programs to address the growing rate of evictions;
- c. establishing a property acquisition fund, or providing funding to augment the City's Multi-Unit Residential Acquisition Program;

- d. maintaining the City's ability to require rental replacement, including any associated conditions, as part of any rental demolition project;
- e. re-introducing rent control to cover units occupied after November 15, 2018;
- f. identifying tenants in need of housing support services through the eviction process and provide these services for every household that is evicted through the Landlord and Tenant Board, with a goal of timely re-housing; and
- g. providing and funding emergency temporary accommodation and related supports for households evicted through the Landlord and Tenant Board, at no cost to municipalities, until long-term housing can be provided for those households.

21. City Council re-iterate its request to the Government of Ontario to improve the adequacy and structure of social assistance programs, based on data and evidence, so that recipients are better able to meet their basic needs, including the high cost of housing in Toronto, and to equalize the benefit rate across the Ontario Works (OW) and the Ontario Disability Support Program (ODSP).

22. City Council request to the Government of Ontario to reduce the financial burden on the City of Toronto related to provincial social assistance programs, which is estimated to be \$125 million annually, by eliminating the Housing Services Act Rent Scales to equalize the shelter benefit components of Ontario Works (OW) and the Ontario Disability Support Program (ODSP) for rent-g geared-to-income (RGI) households residing in City-administered community housing, with those residing in the private market housing.

## **FINANCIAL IMPACT**

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The recommendations contained in this report do not have any immediate financial implications. Staffing resources and expertise needed among inter-divisional working groups to expedite efforts to transform Toronto's housing system will be accommodated within the existing approved budgets for relevant City Divisions.

As outlined below, there are future financial impacts for the full implementation of the recommendations of this report. Some of the recommendations may require longer term reviews of strategic planning and collaborative efforts among relevant City Divisions and Deputy City Manager, Growth and Development Services. Additional funding requirements will be included in future-year budget submissions for consideration through the annual budget review process.

### **Getting to 65,000 Rent-Controlled Homes**

#### *Funded and Unfunded Rent-Controlled Homes*

Since approval of the HousingTO Plan, funding has been secured by the City and its developer partners to deliver 4,445 affordable, RGI and rent-controlled market rental homes. As such, funding and financing will need to be secured to deliver the outstanding 60,545 unfunded rent-controlled homes, outlined below.

**Table 1: Breakdown of homes completed, funded and unfunded out of the 65,000 overall target**

<b>Component</b>	<b>Affordable Rental</b>	<b>RGI</b>	<b>Rent-Controlled Market</b>	<b>Total</b>
Overall Rent-Controlled Homes Target	41,000	6,500	17,500	65,000
Homes Completed	(73)	(635)	0	(708)
Homes with Funding Secured	(909)	(1,227)	(1,611)	(3,747)
<b>Outstanding Unfunded Rent-Controlled Homes/ Target</b>	<b>40,018</b>	<b>4,638</b>	<b>15,889</b>	<b>60,545</b>

### *Cost to Deliver the Unfunded Homes*

The estimated cost to deliver the ‘unfunded’ rent-controlled homes, using the City’s income-based definition for the affordable rental component, is approximately **\$28.6 billion to \$31.5 billion**.

As outlined in Table 2 below, the total estimated contributions/grants per year from each order of government is **\$500 million to \$800 million**, with consideration of:

- **Repayable loans/financing - \$13 to \$14 billion** can be serviced through rental revenues, as a result of the mixed-income model that will be delivered at each site.
  - This cost will be fully recovered by the federal and provincial governments.
- **Contributions/grants** – it is estimated that between **\$3.7 billion and \$5.3 billion** in contributions/grants is required from each order of government to deliver the ‘unfunded’ rent-controlled homes.
  - This amount can be further reduced if interest rates drop below the assumed rates (see assumptions below).
  - The City will work with partners on a project-by-project basis to also explore additional opportunities to reduce cost.

**Table 2: High-level breakdown of funding and financing needed to deliver the outstanding 60,545 rent-controlled homes**

<b>Funding and Financing Required</b>	<b>Range of Cost (\$Bs)</b>	
Estimated Construction Cost (excluding land)	\$28.6	\$31.5
<i>Less Proponent Equity (8%-12%)</i>	-\$3.4	-\$2.5
<b>Total Required Funding and Financing</b>	<b>\$25.2</b>	<b>\$29.0</b>
<i>Less Financing (serviced through rental revenues and repaid to federal/provincial governments)</i>	-\$14.0	-\$13.0
Total Contribution/Funding Required (over 7 years)	\$11.2	\$16.0

Funding and Financing Required	Range of Cost (\$Bs)	
Contribution/Funding Required per each order of government (over 7 years)	\$3.7	\$5.3
<b>Annual Contribution/Funding Required per each order of government</b>	<b>\$0.5</b>	<b>\$0.8</b>

*Key Assumptions and Definitions*

The above estimates are high-level and sensitive to market conditions including interest rate fluctuations and construction costs. Below are a few of the key assumptions used to inform these estimates:

- **Construction Cost per unit** (excluding land cost) – Estimated at \$575K - \$600K per unit, average.
- **No future land cost** - all future land/ sites to be provided at nominal cost by City, the federal and provincial governments, and community sector organizations (incl. non-profits and co-ops).
- **Interest rates** – 3.25% - 3.75%
- **Full HST waiver** – assumes Government of Ontario will waive PST to complement federal GST waiver.
- **Waiver of Fees and Charges** – full waiver of development charges, parkland dedication, building permit and planning application fees for affordable and RGI homes; and partial waiver of development charges for rent-controlled market rental homes based on provincial Bill 23.
- **Affordable rental units** - rents will be based on [the City’s income-based definition](#).
- **RGI units** - rents will be the lesser of 40% average market rent; or social assistance rates.
- **Rent-controlled market units** – to help subsidize the delivery of affordable and RGI homes, it is assumed that initial rents will be set at full market rates, and annual rent increases will be capped at provincial guideline or CPI + 2%.
- **Mixed-income buildings/ operating model** – It is assumed that buildings will include around 30% affordable rental, including 10% RGI units, and 70% market rental units.

Staff will continue to update assumptions annually as part of the combined HousingTO and Housing Action Plan annual progress report.

## HousingTO Plan Cost Updates

### *Total Estimated Cost to Deliver the HousingTO Plan*

The table below shows the updated estimated costs to deliver the HousingTO Plan, and achieve the new 65,000 rent-controlled targets.

These amounts will continue to be updated annually as part of the combined HousingTO and Housing Action Plan annual progress report.

**Table 3: Estimated total cost to deliver the HousingTO Plan, including the re-payable loans/financing and contribution/funding required by all orders of government**

<b>Component</b>	<b>Estimated Cost (\$B)</b>
65,000 units (incl. 60,545 units unfunded and 4,445 units funded)	\$33.4 - \$36.0
Other (including TCHC repairs, housing benefits, operating funding for supportive housing, etc.)	\$11.0
<b>Total Required Investments (Financing and Funding/Contributions)</b>	<b>\$44.4 - \$47.0</b>
<i>Estimated Re-payable Loans/Financing Required (that could be leveraged based on rents)</i>	<i>-\$12.8 - -\$14.0</i>
<b>Total Estimated Contribution/Funding Required</b>	<b>\$31.6 - \$33.0</b>

Notes:

- 1) The above estimated cost for the 65,000 units does not include land value; assumes land will be provided at no cost by all orders of government as well as non-profit partners to build new homes.
- 2) The above does not include any funding/grants received or committed to-date.
- 3) The above assumes that the 'Re-payable Loans/Financing Required' will be provided by the federal and provincial governments and repaid through rental revenues.

### *Tri-Government Contribution/Funding Received and Outstanding*

**Table 4: Estimated contribution/funding required from all orders of government to deliver the full HousingTO Plan**

<b>Order of Government</b>	<b>Total Required Contribution/Funding</b>	<b>Contribution/Funding Received to-date</b>	<b>Outstanding Contribution/Funding (over 7 years)</b>	<b>Outstanding Contribution/Funding (per year)</b>
Federal	\$10.5 - \$11.0	\$2.3	\$8.2 - \$8.7	\$1.17 - \$1.24
Provincial	\$10.5 - \$11.0	\$1.0	\$9.5 - \$10.0	\$1.35 - \$1.42
City	\$10.5 - \$11.0	\$6.7	\$3.8 - \$4.3	\$0.54 - \$0.61

Notes:

- 1) The City's contribution does not include \$1.3 billion in land value.

## City of Toronto Current Financial Context

At its meeting of March 29, 2023, City Council adopted Item [2023.EX3.2](#), which highlighted that the City of Toronto is experiencing a significant immediate and long-term financial crisis: an estimated \$1.5 billion starting pressure for the 2024 operating budget and an estimated \$29.5 billion needed for the 10-year Capital Plan – both of which are part of a \$46.5 billion shortfall identified over the next 10 years.

A phase 2 report, [Item 2023.EX7.1](#), was adopted by Council on September 6, 2023, and included an Updated Long Term Financial Plan and a series of actions to address Toronto's unprecedented financial crisis. However, even with the actions approved by Council, immediate and sustained support from the Government of Canada and the Government of Ontario is urgently needed. As a result, Council requested the Government of Ontario to authorize new revenue tools that grow with the economy and reflect the scope and complexity of the fourth largest city in North America, such as a municipal sales tax on the purchase of goods and services in Toronto or a share of existing sales taxes.

In the absence of a new funding model or growth-related revenue tools, Council notified the Government of Canada and the Government of Ontario that the City will be forced to reduce essential service levels and cancel capital projects that benefit the region, province and country and contribute to shared priorities such as housing, transit, refugee response and climate action.

## Recent Federal Policy and Program Actions to Increase Housing Supply

The Government of Canada recently announced a series of changes to its policies and programs to stimulate the production of purpose-built affordable and market rental homes. These changes are positive, align with previous City of Toronto requests, and are anticipated to help unlock some approved projects in the City's development pipeline.

Key policy and program changes include:

- **Housing Accelerator Fund** – Earlier this year, the Government of Canada announced the Housing Accelerator Fund (HAF). The HAF provides incentive funding to local governments aimed at increasing housing supply. It also supports the development of complete, low-carbon and climate-resilient communities that are affordable, inclusive, equitable and diverse. The City submitted an application under the HAF, with a number of initiatives that will support and expedite delivery of the HousingTO Plan and Housing Action Plan. A decision on the application (including funding allocation) is anticipated over the upcoming weeks.
- **GST Rebate** – On September 14, 2023, the Prime Minister announced that the government will introduce [legislation to enhance the Goods and Services Tax \(GST\) Rental Rebate](#) on new purpose-built rental housing, to incentivize construction of much-needed rental homes for Canadians. To build more rental housing, the removal of GST will apply to new purpose-built rental housing, such as apartment

buildings, student housing, and senior residences built specifically for long-term rental accommodation.

This enhancement increases the GST Rental Rebate from 36 per cent to 100 per cent and removes the existing GST Rental Rebate phase-out thresholds for purpose-built rental housing projects. The enhanced GST Rental Rebate will apply to projects that begin construction on or after September 14, 2023, and on or before December 31, 2030, and complete construction by December 31, 2035.

- **National Housing Co-Investment Fund Changes (Co-Investment Fund)** – The Canada Mortgage and Housing Corporation (CMHC) recently updated the Co-Investment Fund to provide [grants of up to \\$75,000 per unit](#) for projects that exceed affordability and energy efficiency standards. The previously maximum contribution of \$25,000 per unit is now the 'base' contribution for projects that achieve the program's minimum social outcome requirements.
- **Increasing Access to Low-Cost Financing** – On September 26, 2023, the Government of Canada announced that the annual limit for [Canada Mortgage Bonds is being increased by \\$20 billion](#) to help unlock low-cost financing for multi-unit rental construction. The Government of Canada estimates that this measure will help to build up to 30,000 more rental apartments per year.

## Recent Provincial Policy and Program Actions to Increase Housing Supply

- **PST Rebate** – In parallel to the federal GST cut, the Government of Ontario has announced intent to similarly remove the PST on new rental housing projects. There is already a 75% rebate up to a maximum of \$24,000, but this full exemption will further reduce the HST cost.
- **Canada-Ontario Housing Benefits (COHB)** – In addition to a previous 2023/24 federal-provincial allocation of \$9.48 million (\$4.74M provincial contribution), the Government of Ontario recently provided combined incremental allocations of \$26.42 million (including \$19.72M provincial and \$6.7M City contribution) to support refugees and asylum seekers in Toronto. Through these allocations, more people have been able to successfully move into safe, secure, affordable homes.
- **Bill 23** – In November of 2022, the Government of Ontario passed The More Homes Built Faster Act, 2022 (Bill 23) which is part of Ontario's Housing Supply Action Plan and aims to support the province's goal to add 1.5 million new homes in Ontario by 2031. The Bill makes extensive changes to several Acts and regulations including the Development Charges Act, Planning Act, Municipal Act, and others. While the Bill provides some positive changes that will help the City to enable new housing supply, it has removed the City's ability to collect anticipated and budgeted development charges revues for housing services. In the absence of reimbursement, the City's ability to continue to operate programs that support new housing and related infrastructure is currently at high risk.

The City appreciates the Province's previous commitment to keep municipalities whole, as Toronto currently estimates that the impacts of Bill 23 will result in lost

revenues of \$2.3 billion over a 10-year period. This includes the loss of \$1.3 billion which would directly reduce the City's investments in its HousingTO Plan and Housing Action Plan. The City's inability to deliver of these plans would ultimately result in the province being unable to meet its own housing and growth targets.

- **A New Deal for Toronto** – On September 18, 2023, Premier Doug Ford and Mayor Olivia Chow agreed to a new-deal working group with a mandate to achieve long-term stability and sustainability of Toronto's finances. The City remains hopeful that the forthcoming New Deal will result in structural changes that put us on the path to long-term financial sustainability. Permanent and sustained funding commitments from the Government of Ontario are critical to our success in delivering our shared housing and growth objectives.

### **Other Potential Financial Tools to Support Delivery of New Homes**

Subject to Council approval of the recommendations in this report, and as noted in greater detail in the body of this report, staff will undertake the following activities and report back in 2024:

- engage with the federal and provincial governments, Indigenous organizations, non-profit and co-op housing organizations, financiers, academic institutions, philanthropic organizations and private sector organizations (including large employers), to explore the establishment of a sustainable fund to support new development;
- engage with United Way Greater Toronto to explore partnership opportunities that support non-profit led affordable housing development and acquisition projects and create new affordable and RGI homes, with a particular focus on community service infrastructure;
- consider existing City sources of funds (e.g. Community Benefits Charge) to support the above;
- review Toronto Community Housing Revitalization program and identify opportunities to improve program viability while optimizing city-building opportunities; and
- consider other planning tools as appropriate (e.g. increased zoning permissions to add height and density to support delivery of the affordable and RGI component of projects).

The Interim Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as contained in the Financial Impact Section.

### **EQUITY IMPACT STATEMENT**

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The HousingTO Plan envisions a city in which all residents have equal opportunity to develop to their full potential. It is centred in a human rights-based approach to housing, which recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive and sustainable communities.



The City of Toronto's existing housing strategies and plans seek to improve housing outcomes for a range of residents and to support equity and climate resilience. Specifically:

- The HousingTO 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. It is also focused on increasing the supply of new affordable homes, protecting the existing housing stock and helping renters to achieve and maintain housing stability; and
- The Housing Action Plan identifies priority actions to increase the supply of housing, including purpose-built affordable and market rental housing. The initiatives being advanced will directly increase opportunities for people from equity-deserving groups, including those from low-and-moderate-income households, to access safe, healthy and adequate homes, within inclusive, complete and equitable communities.

Creating new affordable homes and preserving the City's existing housing stock will increase opportunities for lower-income and vulnerable individuals and families, as well as Indigenous Peoples and those from equity-deserving groups to access safe, secure and adequate homes.

Access to good quality, safe, affordable housing is an important determinant of health and improves the social and economic status of an individual. 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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At its meeting of September 6, 2023, City Council adopted Item EX7.2 – Urgently Building More Affordable Homes. City Council directed the City Manager, in consultation with the Deputy City Manager, Development and Growth Services, to work with all of the agencies, boards, corporations and divisions at the City of Toronto to create a plan, and an implementation framework and timeline to achieve 25,000 new rent-controlled homes. Council also directed staff to report back on an effective alignment of resources, mandates, structure, and personnel, that would enable the City of Toronto to build new public and community housing in collaboration with co-ops, non-profit housing providers, governmental organizations and other partners; current suitable parcels of City lands that are available for development purposes; and an analysis of the all costs associated with the updated housing target, as well as an update on the financial contributions required from both the federal and provincial governments.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX7.2>

At its meeting of March 21, 2023, the Executive Committee adopted Item EX3.1- Housing Action Plan 2022-2026- Priorities and Work Plan. This report details the City's work plan for the approval and implementation of a wide range of actions, policies and programs to increase the supply of housing within complete, inclusive and sustainable communities with the infrastructure necessary to support growth. It also includes the

report from the Rental Housing Opportunities Roundtable that identifies clear actions that are necessary from all three orders of government to meet the demand for rental homes with rental housing supply.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX3.1>

At its meeting of December 14, 2022, City Council adopted Item CC2.1- 2023 – Housing Action Plan, which directed that the City Manager to develop a Housing Action Plan for the 2022-2026 term of Council that will support the City in achieving or exceeding the Provincial Housing Target of 285,000 new homes over the next 10 years.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.CC2.1>

At its meeting of December 17 and 18, 2019, City Council adopted Item PH11.5 – HousingTO 2020-2030 Action Plan, to provide a blueprint for action across the full housing spectrum – from homelessness to rental and ownership housing to long-term care for seniors. The plan included a target of creating 4,000 new affordable non-profit home ownership opportunities by 2030. Council’s decision is available here:

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

## COMMENTS

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### Toronto’s Housing Challenges

#### Decades in the Making

In Toronto, almost 79% of all rental housing is privately owned, compared with 15% owned by Toronto Community Housing Corporation (TCHC) and 6% owned by non-profit and co-operative housing providers. Much of the purpose-built private and publicly owned rental housing stock in the city was built in the 1960s and 1970s. Beginning in the 1970s, the federal government also introduced several programs to support the development of co-op housing, which led to the construction of tens of thousands of non-profit co-op homes across the country through to the early 1990s.

Beginning in the 1980s and into the 1990s, the construction of purpose-built rental housing and non-profit co-ops rapidly declined, while demand for affordable and market rental homes continued to grow. This overlapped with less direct (and insufficient levels of) federal investments in housing and a greater reliance on the private market, in addition to the provincial downloading of affordable social housing responsibilities to municipalities without sufficient funding to ensure long-term financial and operating viability.

#### Current Context

The current housing crisis is impacting residents across the housing spectrum and across income bands. Housing affordability is no longer an issue impacting only low-and-moderate income households. As noted in the [Perspective on the Rental Housing Roundtable report](#), the city is facing two housing crises – a more familiar one where

there is a lack of deeply affordable and supportive housing for low-income marginalized and vulnerable residents; and a more recent one in which rising rents have made it increasingly unaffordable for middle income earners to live in the city. Concurrently, high prices combined with macro-prudential lending policies (e.g., stress tests) have constrained access to entry level ownership, leaving this pent up demand in the rental sector, and contributing to additional rental pressure (in contrast from 1996-2011 when the ownership rate nationally expanded from 63% to 69%, this created rental vacancies and reduced rent pressures).

These crises are complex with various contributing and intersecting factors including a lack of affordable housing options, rising rental and homeownership costs, inflation, social assistance rates and incomes that have not kept pace with the cost of living, insufficient access to physical and mental health, as well as social supports, and systemic and structural racism. To put these challenges into context:

- The city's current rental vacancy rate is around 1.7%. The vacancy rate in a well-functioning housing system should be 3% or higher.
- A [2021 Scotiabank study](#) show that Canada's subsidized rental housing stock is among the lowest in the Organization For Economic Co-operation and Development (OECD) countries at 3.5% of total housing units, our per capita housing supply has dropped in the past five years, and doubling the stock across the country would bring Canada just in line with OECD (and G7) averages.
- City of Toronto data indicated that at the end of August 2023, the number of individuals experiencing active homelessness was 9,988. This represents a slight decrease compared to the average for the past 3 months (10,172 in Jun-Aug), however, is higher than the 2022 monthly average (9,769).
- About 48% of Toronto households (557,970 households) are renters, and 40% of renters are living in unaffordable housing, compared to 26% of owners (based on 2021 Census data).
- 1 in 3 of Toronto's owner and renter households (373,965 households or 32%) experienced affordability issues and almost one in five Toronto households (215,225 households or 19%) were in core housing need (based on 2021 Census data).
- The average rent for rented condominium apartment units (across all bedroom types) in Toronto is \$3,214.5, as reported by the Toronto Regional Real Estate Board in their [Q2- 2023 Rental Market Report](#). To afford this rent, a household would need to earn at least \$128,580. These rents are not affordable to many workers in the city, such as dental assistants, grocery store workers, and early childhood educators who generally earn between \$33,000 and \$47,000 a year.
- Indigenous residents comprise an estimated 0.8% of the City's population (23,000 individuals) but represent an estimated 15% of the City's homeless population.
- Black Torontonians comprise 9.6% of the overall population and but represent an estimated 31% of the City's homeless population.
- A report, entitled [The Cost of Inaction](#), released by The Toronto Region Board of Trade and WoodGreen in July 2021, estimates that the lack of affordable workforce housing is costing the Greater Toronto Area up to an estimated \$7.98 billion per year. These affordable homes are needed for lower and moderate-income households, including some of the region's most essential workers, including cashiers, shelter staff, nurses, custodians, transit operators and restaurant workers.

## Toronto's Housing Targets

### HousingTO Plan – New Targets

The HousingTO Plan identifies 13 major strategic actions, with over 100 tactical actions focused on:

- Increasing the supply of affordable and supportive homes;
- Protecting existing supply of homes;
- Helping renters, and advancing equity and resilience; and
- Enhancing partnerships and improving accountability and transparency

The new targets identified in [Item EX7.2](#) amend the City's previous [HousingTO Plan](#) target of approving 40,000 affordable rental homes by 2030. The combined new target is now 65,000 rent-controlled homes, including a minimum of 41,000 affordable rental and 6,500 RGI homes, and 17,500 rent-controlled market homes.

The new and enhanced targets represent a housing system shift for Toronto. Specifically, this is the first time that the City has set an intentional target to create and track the delivery of net new RGI and rent-controlled market rental homes, in addition to affordable rental homes.

Additional details on the City's progress towards implementing the HousingTO Plan can be found [here](#).

### Housing Action Plan

The new HousingTO Plan targets support delivery of [Housing Action Plan](#) which is focused on enabling market, non-market (i.e. public, co-operative, and non-profit) and mixed housing production in order to achieve or exceed the provincial housing target of 285,000 new homes. The target of 285,000 homes by 2031 is an ambitious goal that would represent a 23% increase in Toronto's housing supply within just 10 years.

The key focus areas of this Housing Action' Plan include:

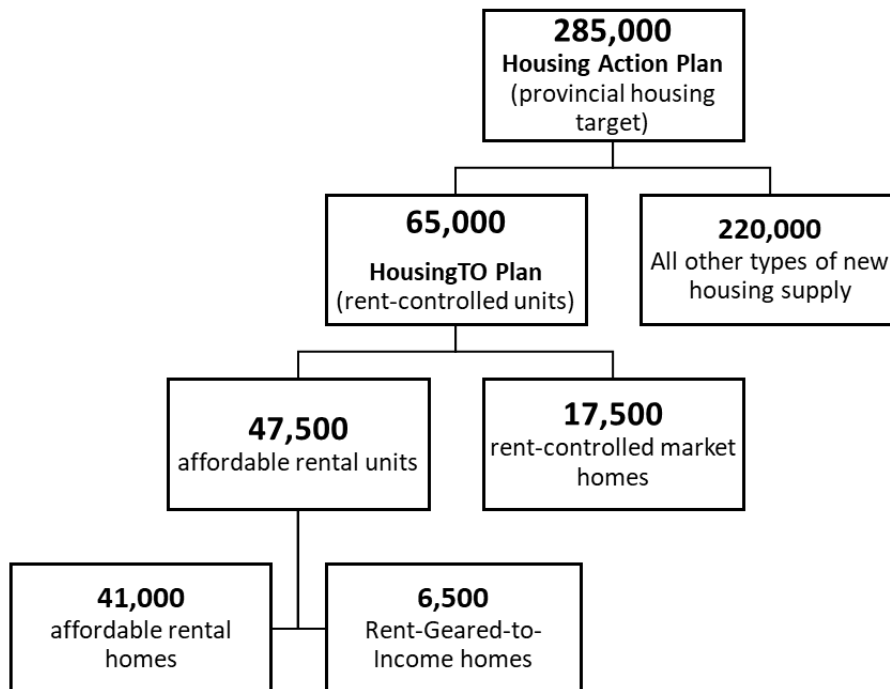
- Official Plan, Zoning and Guideline Amendments
- Intensification of Major Growth Areas
- Advancing Housing System Policy and Program Initiatives
- Training and Trades Strategy Addressing Construction Market Capacity
- Leveraging Public Land to Increase the Supply of Housing
- Preserving the Existing Rental Housing Stock
- Public Accountability and Reporting on Progress

Full details of the key deliverables and timing for the completion of the deliverables under the Housing Action Plan are included in Attachment 3.

## Putting the Targets into Perspective – The ‘Big Picture’

The chart below shows the various housing targets and how they relate to each other.

Figure 1: Overview of Toronto’s housing targets and plans



## Transforming Toronto’s Housing System

While the City continues to make significant progress in implementing the HousingTO Plan and the Housing Action Plan, more targeted approaches and new and enhanced investments are needed to better address housing needs of households with very low incomes, low-to-moderate incomes, and middle incomes.

The recommendations and actions outlined in this report help advance these objectives and establish a new focus to increase public and non-profit housing stock, as well as expand public delivery of projects.

### A. Key Priorities and Guiding Principles

The City will continue to focus on streamlining, enhancing and better utilizing its technology, people and processes, to deliver the HousingTO Plan and Housing Action Plan targets. As noted earlier in this report, efforts will be centred around:

- **People** – ensuring that there are a range of new homes for a range of incomes, with a focus on low-and-middle income households, including people experiencing homelessness and renters; promoting housing stability for renters long-term; and increasing access to support services.
- **Strengthening and shifting the housing system to deliver more non-market housing** – a renewed focus on public delivery of sites; increasing public and

non-profit owned housing stock (including new co-operative homes) through new development as well as acquisitions; increasing the supply of net new RGI homes; increasing the supply of new affordable and rent-controlled market rental homes; retention of public land; and increasing access to affordable homeownership opportunities.

- **Equity and Reconciliation** – supporting Indigenous residents and those from equity-deserving groups including racialized people, seniors, 2SLGBTQ+ persons, people with disabilities, newcomers, women and gender diverse people and youth to access and maintain safe, adequate, affordable homes.
- **Sustainability and Predictability** – creating sustainable, mixed-income buildings within complete communities; and mechanisms for more predictable funding.
- **Climate action** – creating new energy efficient homes and improving the condition of existing homes.
- **Urgency** – expedited delivery of new homes, particularly RGI and affordable rental.

## **B. Increasing and Accelerating Non-Market (Public and Non-Profit) Rental Housing Supply**

As noted earlier, almost 80% of Toronto’s purpose-built rental stock is owned by the private sector. There is also an extreme scarcity of homes affordable to low, moderate, and more recently, middle income earners.

Acknowledging that the free market on its own has not - and will not - deliver the ‘right’ type of homes needed to restore affordability and address the full range of needs of current and future residents, it is imperative that all orders of government significantly increase investments and take bolder action to shift this housing system towards a more balanced and equitable approach. Concurrently, all orders of government need to take stronger measures to support the Indigenous, non-profit and co-op sectors to increase their capacity to build, acquire and operate new homes.

The recommendations in this report strengthen the City’s ongoing efforts to address housing affordability, and further accelerate and enable a housing system shift. These include:

- Increasing the City’s direct delivery of a range of new rent-controlled homes – the report recommends that staff advance the City-led development model at 5 City-owned (and rezoned), following the new interim structure outlined in this report, and report back by Q3 2024 with a status update and to identify any tools and new approaches needed to expand this model to additional sites. Subject to Council’s approval, staff will begin the process immediately and report back by Q3 2024 with a status update and to identify any tools and new approaches needed to expand this model to additional sites;
- Taking action, within the City’s jurisdictional and financial capacity to accelerate the delivery of other 47 sites on City-owned (incl. TCHC and CreateTO) land; and
- Supporting the delivery of 31 non-profit owned sites which are estimated to deliver almost 2,000 net new affordable and RGI homes.

The table below provides a summary of the City’s ‘Housing Ready’ sites (Attachment 2) and estimated delivery timelines. With federal and provincial funding and low-cost financing, delivery of these homes can be further expedited.

Additionally, there are 40 sites listed in Confidential Attachment 1, many of which can be added to this pipeline following further due diligence.

**Table 5: Current schedule to deliver new homes on City-owned ‘housing ready’ sites**

<b>Delivery Year</b>	<b>No. of Sites</b>	<b>Estimated No. of Rent-controlled Homes to be Completed/ Delivered</b>
2024	3	177
2025	1	40
2026	2	350
2027	10	2,700 – 3,000
2028	14	5,400 – 5,600
2029	7	2,400 - 2,600
2030	10	4,000 – 4,300
2031	1	150
2032	1	130
2033	3	600 - 700
2034	1	60 - 100
<b>Total</b>	<b>52</b>	<b>16,000 – 17,000</b>

**C. Organizational Re-alignment and New Tools to Expedite Housing Delivery**

The City has taken several recent and major steps to streamline its administrative structure and better position the organization to accelerate development approvals and construction of new housing supply, particularly purpose-built affordable and market rental housing, to respond to the housing crisis. Additional measures will be taken to further pivot the organization to meet this objective.

These combined actions, outlined below, will optimize resources, leverage expertise across teams, support better workflow and timeline management, and enable more effective monitoring of key performance indicators.

**1. Establishment of the Development & Growth Services Area**

The City has recently established the new Development & Growth Services (DGS) Area, with a new Deputy City Manager to oversee this area. Once fully implemented, DGS will comprise of the following divisions: City Planning; Toronto Building; Housing Secretariat; and a new Development Review Division which will consolidate all development review staff from various divisions such as Concept to Keys (C2K), City Planning, Engineering and Construction Services (ECS), Transportation Services and Parks, Forestry and Recreation (PF&R).

This consolidation will improve and transform the housing development application review and permitting processes. With the Housing Secretariat added to this service

area, it will also help connect housing system policy and targets, directly with implementation.

This is a significant departure from previous approaches to how development application review and approval functions were organized. The new approach centralizes all roles/functions that are involved in the housing development review process into a single service area, enabling a more efficient streamlining of decision-making authority and accountability. It also improves efficiency and effectiveness by consolidating and better coordinating development review currently occurring across multiple divisions and helping to resolve competing City priorities.

This organizational change is necessary to accelerate development approvals and construction of new housing supply, particularly purpose-built affordable and market rental housing, to respond to the housing crisis. It will also be largely driven by implementing business process changes in response to the Bill 109 which ties response timelines to fee refunds.

## **2. Expediting Recruitment**

Staffing levels and vacancies impact the ability to reasonably accelerate development review timelines. To address these challenges, the DGS Area will continue to work closely with the People and Equity Division to identify opportunities to support:

- Filling vacancies and streamlining recruitment efforts across divisions to enhance efficiencies;
- Attracting specialized staff, as required;
- Staff retention and opportunities for growth; and
- Building a diverse and inclusive workforce, representative of the diverse communities we serve.

## **3. Interim Delivery Framework to Focus on City-led and City-supported Development Projects**

Building on the successful interdisciplinary and coordinated team approach to advancing City-owned sites (including the TCHC Revitalization projects and Housing Now delivery framework), the Deputy City Manager, Development and Growth Services will immediately establish an interim structure to expedite all housing projects on both City and non-profit owned sites.

Specifically, this team will be structured to ensure an integrated approach to accelerating housing delivery on:

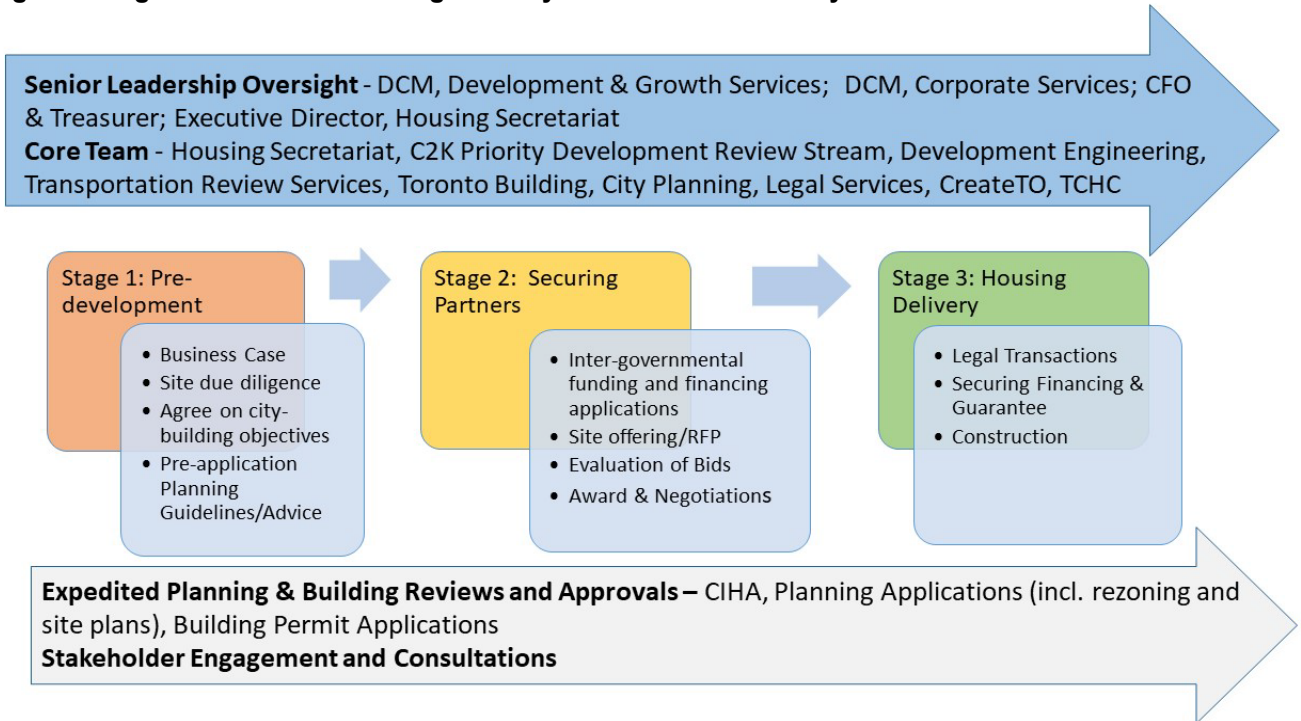
- **City-Led sites**, including sites owned by the City, as well as its boards and corporations. For clarify, projects within the TCHC and CreateTO portfolios will be provided with the same level of expedited review and approvals as other City projects; and
- **City-Supported sites**, including sites that have received City Open Door financial incentives and/or grants; City support will be targeted to help advance



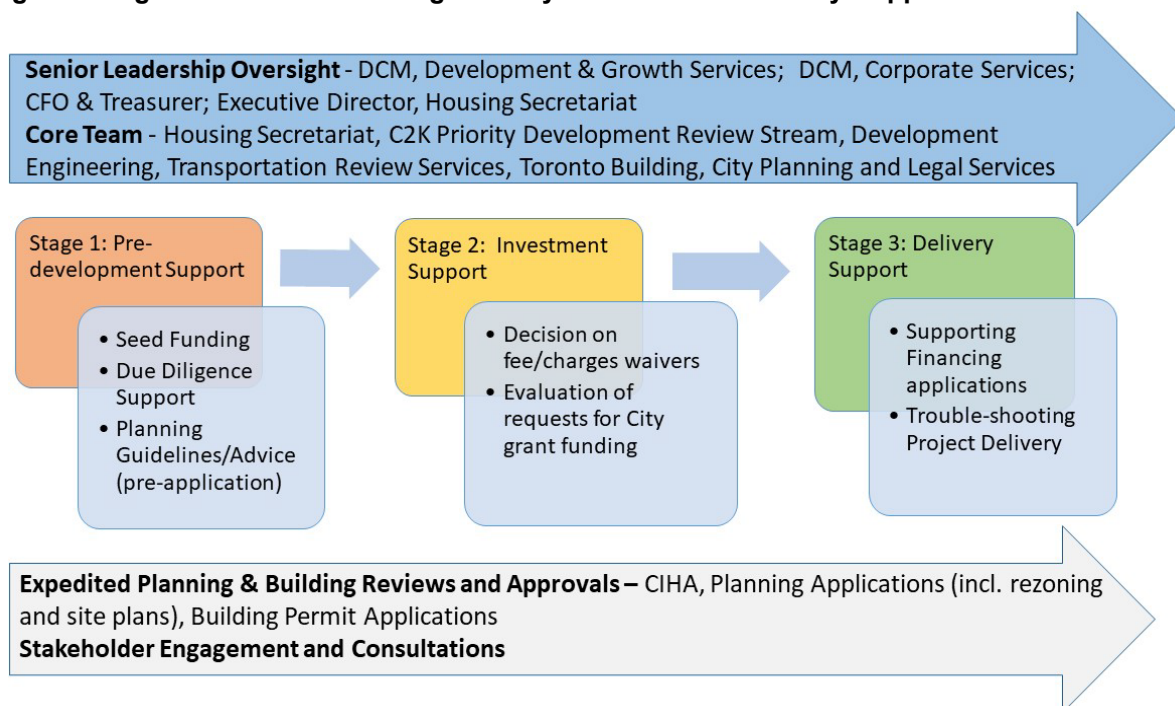
Indigenous, non-profit and co-op projects as part of the City's continued effort to help these organizations increase both development and operating capacity.

All City-led and City-Supported sites will be advanced through an expedited stage gate process, with senior leadership oversight across all stages, as noted below.

**Figure 2: High-level Interim Housing Delivery Framework for all City-led Sites**



**Figure 3: High-level Interim Housing Delivery Framework for all City-Supported Sites**



## *Opportunities Continuous Improvement to Support City-Led Sites*

To further align resources and processes, and optimize existing staff expertise, the City Manager and Deputy City Manager, Development and Growth Services will initiate the following changes over the upcoming weeks.

**i. Establish Program Governance and Clear Decision-making Authority** that continues from planning approvals all the way to Site Plan Statement of Approval and full Building Permit.

- The Housing Secretariat will be the overall program lead, reporting to the Deputy City Manager, Development and Growth Services, and responsible for delivering the City's housing targets, including securing Council and budget approval for projects.
- The new governance structure will identify a 'Project Leadership Team' to clearly articulate the specific divisional/agency/corporation leads empowered to make decisions on behalf of their respective organizations.
- The governance structure will also include external development partners, as required, to expedite problem solving.
- A mechanism will be established to include regular progress /issue reporting from the Core Project Team into the governance structure (from project initiation all the way through to full building permit stage). This mechanism will help promote accountability, identify immediate risks, and recommend mitigating actions to ensure projects are delivered on time and budget, to the extent possible.

**ii. Develop Cross-functional Core Project Team to ensure alignment from project initiation through to building permit stage.**

- Core Project Team will be comprised of representatives from Housing Secretariat, C2K Priority Development Review Stream (PDRS), Development Engineering, Transportation Review Services, Toronto Building, City Planning, Legal Services, CreateTO and TCHC, to provide clear line of sight and effective hand-off as projects progress.
- Other impacted divisions will be engaged by the Core Project Team, as required (e.g., Corporate Real Estate Management; Parks, Forestry and Recreation, etc.)
- C2K PDRS staff will support all related project applications where possible (e.g., rezoning, subdivision, site plan) from start to finish.
- Toronto Building's new Citywide Priorities team (outlined in further detail below) will support key priority projects that contribute to delivery of the City's housing targets.
- The Core Project Team will report into the Program Governance Structure, as noted above.

**iii. Enhance Early Site Due Diligence Process:**

- Engineering and Construction Services (ECS), Toronto Water, Toronto and Region Conservation Authority (TRCA) and other relevant key stakeholders will be engaged early in the due diligence process to identify potential risks and site

limitations (e.g., servicing challenges, planned local capital projects that could impact construction schedules).

- Identified risks and limitations will be investigated early to inform further investment decisions/next steps.

#### **iv. Enhance City-wide Approach to Housing Delivery and problem-solving:**

- Efforts will be made to immediately improve alignment, direction and co-operation with City divisions as well as Toronto Transit Commission (TTC), Toronto Parking Authority, TCHC, CreateTO, and other relevant agencies, boards and commissions, to advance projects.

#### **v. Improve Strategic and Financial Planning and Oversight**

A 'Strategic Working Group' comprised of TCHC Development Division, CreateTO, Housing Secretariat, City Planning and Financial Planning staff will be immediately established immediately to:

- Promote/enhance the municipal portfolio planning and ongoing management processes to support rolling 10-year housing capital plans (e.g., identification of sites, land assembly opportunities, etc.) focused on creating mixed income, mixed use, complete communities.
- Facilitate opportunities to share best practices and standardize development, procurement, design standards and guidelines, project delivery, and data collection and analysis (e.g., housing market data, etc.), and management reporting.
- Identify city-building and co-location opportunities across City sites (incl. TCHC sites).
- Improve budget preparation process, tracking of expenditures, coordination of capital budgets across divisions and agencies (where city-building opportunities identified) and regular financial reporting.

#### **vi. Promoting Collaborative and Integrated Project Management and Delivery**

- Establish City/CreateTO/TCHC site-specific working groups to collaboratively examine approaches to development and rebuilding communities (e.g., Firgrove)
- Identify opportunities to improve front-end due diligence and financial planning and analysis.
- Identify opportunities to optimize construction, development and project management expertise to expand public delivery of sites.

#### **4. New Citywide Priorities Team to Streamline the Building Permit Process**

Toronto Building is currently implementing a new operating model and organizational structure, developed through a comprehensive program review. The new structure includes a dedicated 'Citywide Priorities' team which aims to significantly enhance the efficiency and speed of the building permit process for projects of city-wide importance, including affordable housing.

The Citywide Priorities team will be a transformative shift in Toronto Building's service delivery model, acting as a single point of contact for project owners and ensuring a streamlined, clear, and efficient building permit approval process. This is expected to reduce potential complications that can arise from competing priorities which are often associated with projects involving multiple City divisions and orders of government.

Once fully implemented, the Citywide Priorities team will collaborate with stakeholders early in projects and provide advice and guidance to project owners, as well as to plan for, coordinate and accelerate necessary City approvals.

Finally, the Citywide Priorities team will establish multi-divisional stakeholder teams to promptly address potential issues during project approval and permitting, reinforcing its commitment to a streamlined process. These proactive measures will facilitate and prioritize the building permit process for projects with city-wide significance, fostering efficiency, reducing costs, and further supporting Toronto's housing delivery objectives.

It should also be noted that Toronto Building is developing additional customer-facing digital tools with the capability of automating routine internal business processes. These tools will provide clarity for applicants, reduce the administrative burden on staff, expedite processing times and increase the system capacity for value added work. A pilot program for small-scale permits is underway with the intention of expanding to housing applications within the next 18 months.

## **5. New Community Infrastructure and Housing Accelerator Tool (CIHA) to Expedite Planning Review and Approvals**

The Community Infrastructure and Housing Accelerator (CIHA) tool provides municipalities the opportunity to request the Minister of Municipal Affairs and Housing to issue a zoning order. This tool enables the City to include various conditions in the zoning request, such as securing matters like the tenure or rent levels in a project. A report on the CIHA will be considered by Planning and Housing Committee on October 26th and will include recommendations to consider the use of the CIHA for projects that meet City objectives, including:

- new rent-controlled affordable, RGI and market rental homes;
- long term care homes;
- City, Agency, or Non-Profit/Co-operative-initiated projects (including the Rapid Housing and Modular Housing Initiative projects, TCHC revitalization projects); and
- Other community infrastructure projects

## **6. New and Enhanced Technology Tools**

The City will enhance existing technology tools as well as add new ones to support delivery of the HousingTO Plan and Housing Action Plan. These tools will help improve team coordination, workflow and process management, data collection and analysis and reporting on progress.

Below are some key technology projects underway and planned to support the City's housing targets:

### **a) Toronto Building, Municipal Licensing & Standards and City Planning**

The Community Development Regulatory and Licensing (CDRL) Program seeks to enable the phased transformation of the City's Integrated Business Management Services (IBMS) and functions with modern technology to realize the business and transformation needs of Toronto Building, Municipal Licensing & Standards (MLS) and City Planning divisions, while delivering on divisional and Council priorities and de-risking /replacing the IBMS platform.

#### *Objective of Phase 1*

The CDRL Phase 1 Transformation focuses on efficient enterprise-wide service request management, investigation handling, violations management, remediation, and payment processing in the context of various service requests, including MLS and Toronto Building complaints and research requests from City Planning.

The Phase 1 Enterprise Case Management capability will enable divisions to make referrals and share case management across divisions for investigations and the ability to conduct joint inspections.

#### *Key Deliverables*

##### Service Request Alignment:

- Streamlining service requests, including tracking the outcome of Investigation Requests and Building-related service requests stemming from complaints and/or pro-active investigations.
- Managing follow-up investigations potentially resulting in violations management activity.
- Facilitating remediation efforts.
- Tracking Prosecutions and Court schedule and outcomes.
- Generating invoices for completed work as a result of remediation efforts.

##### Building Complaints Investigation:

- Handling complaints related to Building Code violations, such as construction without a permit and Zoning By-law infractions.
- Conducting follow-up investigations and potential violations management activity.
- Enabling remediation actions.
- Creating and tracking invoices for necessary work.

##### Sales and Merchandise and Research Request Payments:

- Support payment processing and billing associated with sales and merchandise (including Toronto Building Inspection Status Reports and CP Committee of Adjustment Research Requests) by integrating with the modernized and transformed Accounts Payables System which will be enabled through the Financial Systems Transformation Program (FSTP)

- Handling payments and back-end processing associated with Research Requests.
- Ensuring seamless financial transactions through early implementation of the system.

### *Implementation Timelines*

- Ongoing - sustainment of the IBMS Platform
- Q1 2024 - CDRL Business Capital Budget approval
- Q2 2024 - Initiate competitive procurement, RFP process, to contract System Integrator (SI) partner for realization of CDRL Phase 1 Solution
- Q4 2024 - Complete contract negotiation; Establish Statement of Work (SOW) with SI Partner
- Q4 2024 - Initiate SI Partner Engagement
- Q3 2025 - Launch of Toronto Building new customer-facing digital tools to automate routine internal business processes, expedite processing times, and increase system capacity to accelerate (and scale up) housing delivery.
- Q2 2026 – Launch of Phase 1 system

### **b) C2K**

A core pillar of C2K’s transformation work plan has been to introduce new technology to development review to support greater collaboration and improve efficiency for both staff and applicants. C2K’s Customer Experience and Technology (CX&Tech) team has been working with internal stakeholders including commenting partners, Technology Services Division (TSD), as well as applicants to utilize technology improvements to enhance the development review process, including the review of affordable housing applications.

- **Application Submission Tool (AST)** - In 2021, C2K launched the AST tool which simplifies workflows, enhances collaboration, and improves transparency of the intake of application materials. The AST is integrated with the City’s existing backend technology, the Integrated Business Management System (IBMS). Throughout 2022/23, C2K worked with stakeholders such as City Planning, Service Design and Delivery Division and TSD, as well as industry, to identify and implement quarterly improvements to AST. Since its launch, the AST has resulted in several improvements that streamline the development review process. AST has digitized many manual processes on application intake that have burdened development review. This included the need for the applicant to physically come to the City to submit their materials. The introduction of AST allows for the digital intake of materials, resulting in more flexibility for both applicants and staff and has also resulted in greater accuracy of the information collected by applicants.
- **The File Circulation Tool (FCT)** is another critical tool to improve the effectiveness of the development review process. This tool will integrate with the City’s backend technologies, such as IBMS and the Application Information Centre (AIC), to improve commenting, circulation, document mark up and enable

better collaboration between City staff and applicants. FCT will also provide City staff with performance tracking capabilities through data analytics and intuitive dashboards to continuously inform and improve the development review process.

FCT is scheduled to be piloted in early 2024, and a City-wide release in 2025.

### **c) Housing Secretariat**

#### *Housing Data Strategy*

Starting in 2023, the Housing Secretariat will continue to advance the City of Toronto's Housing Data Strategy to improve housing data management. This includes defining how data is collected, stored, used, and shared.

The Housing Data Strategy will address the following areas:

- Data Infrastructure – Data systems, storage and technology, program map, and data inventory;
- Data Governance – Policies and Procedures, definitions, controls and permissions;
- Analytics and Reporting - Performance Measurement and insights, launching and continuous improvement of public and internal dashboards; and,
- Data Culture – Data is viewed as an asset, is open by default and is a core job function of every position.

#### *New Centralized Housing Access System*

Through the HousingTO Plan, Council directed that the City develop and implement a Centralized Affordable Rental Housing Access System for affordable rental housing opportunities.

The City has been working towards the implementation of the system, including assessing and reviewing the technological requirements, program administration and user experiences. Some of the key considerations as part of this transition include:

- Creating a one-window housing access system for eligible applicants to apply for RGI and/or affordable rental homes;
- Ensuring applicants are well-informed about their housing options, their eligibility for various housing opportunities, and their ability to pay for housing based on income and rents to improve housing stability; and,
- Efficient operation of the system for housing providers, applicants, and City staff to fill affordable homes in a timely manner.

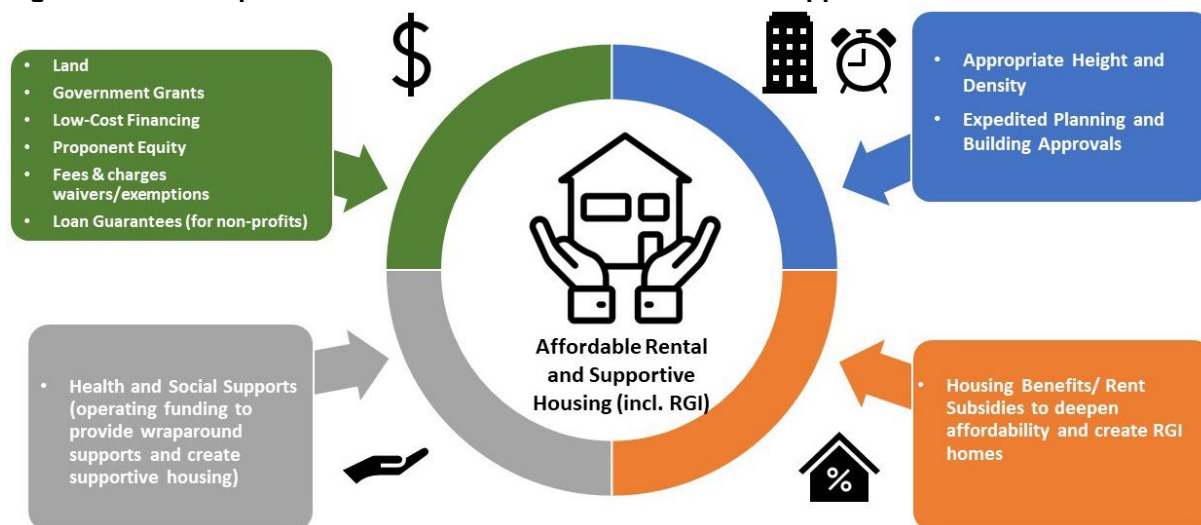
In early 2023, the City met with affordable housing providers to review the current state and discuss system challenges and opportunities. Later this year a formal 'Housing Access System Advisory Committee' will be established, comprised of interdivisional City staff and housing providers and developers, to provide input into the new system design. As the system design process matures, the City will also explore opportunities for applicants to provide input and ensure the system's user experience reflects their needs.

## D. Improving Financial Sustainability and Project Feasibility

### 1. The “Feasibility Stack” - Tools Required to Create New Affordable, RGI and Supportive Homes

The chart below outlines the various tools necessary to be stacked to create and ensure the long-term financial viability of projects that deliver RGI, affordable and supportive housing (i.e., RGI homes with supports).

Figure 4: Tools required to deliver new affordable rental and supportive homes



The City will continue to work with the federal and provincial governments, as well as partners across sectors to deliver the HousingTO Plan and Housing Action Plan. Partnerships to secure land, funding and financing, as well as operating funding for housing, health and social supports will be critical to create new housing supply as well as to promote housing stability for residents.

As recommended in this report and outlined in further details below, as the City continues to create net new RGI homes, it is important that the Government of Ontario eliminate the Housing Services Act Rent Scales to equalize the shelter benefit components of Ontario Works and the Ontario Disability Support Program (ODSP) for rent-geared-to-income (RGI) households residing in City-administered community housing with those residing in the private market housing. This is a critical measure to ensure long-term operating viability and reduced financial pressure on the City.

### 2. Sustainable Fund for Public and Non-Profit Housing Projects

This report recommends that Council request staff engage with the federal and provincial governments, Indigenous organizations, non-profit and co-op housing organizations, financiers, academic institutions, philanthropic organizations and private sector organizations (including large employers), to explore the establishment of a sustainable 'Toronto Housing Affordability Fund' to support non-profit and public-led housing developments.



The report also recommends that Council request staff to engage with United Way Greater Toronto to explore partnership opportunities that support non-profit led affordable housing development and acquisition projects and create new affordable and RGI homes, with a particular focus on community service infrastructure needed for equitable and complete mixed-income communities.

As part of these discussions, staff will also explore feasibility of various options including an endowment fund, patient capital and philanthropic opportunities to expand the acquisition of private rental homes through the [Multi-Unit Residential Acquisition \(MURA\) program](#).

Additionally, staff will explore feasibility of establishing a capital equity program where a portion of future surpluses in projects that have received grants, are re-invested into other projects. These discussions will consider current City funding sources that could be leveraged and stacked with other sources.

### **3. Improving Financial Viability of TCHC Revitalization Projects**

Over the past 20 years, with support from the City of Toronto, TCHC's Development Division has been partnering with the private sector to replace existing aged rental housing units, deliver new affordable units and to unlock land for new market housing units. TCHC and the City's focus in community revitalization is to create complete vibrant community, achieve design excellence in construction, secure benefits for tenants and leverage private sector investment to offset project costs. Through undertaking this work, TCHC has developed a unique and recognized expertise in delivering full-service housing projects from inception to occupancy and beyond.

To further expand on that experience, this report recommends that TCHC, the City and CreateTO work together to explore options to improve the overall financial capacity of in-flight and planned revitalization and infill projects in order to deliver on an even wider range of net new homes and city-building uses.

Subject to Council approval of this report, staff will advance the following key actions and report back to Council as part of the 2025 budget process:

- Work with TCHC to undertake a full review of the revitalization program including in-flight and future projects, to identify and support opportunities to improve financial viability and financing / funding opportunities (e.g., co-location with other City facilities, increased planning permissions to add additional height and density, etc.).
- Work with TCHC to identify and minimize procedural, legal and legislative red tape that limit financial feasibility (e.g., by increasing costs or extending timelines) and/or create unintended implementation roadblocks to the speedy delivery of housing.
- Review existing TCHC and City pre-development processes and align planning procedures and proforma assumptions, including assumed costs, funding sources, etc. Work with TCHC to update 10-Year rolling capital Revitalization Plan based on the outcomes of the full review of the TCHC revitalization program.

- Build on the existing Council-approved Delivery Framework for TCHC Revitalizations ([Item - 2019.PH5.5](#)), work with TCHC (and Toronto Seniors Housing Corporation) and CreateTO to review the long-term capital planning processes in order to establish clear mechanisms to more proactively identify properties that are beyond economic repair and in need of revitalization.
- Work with TCHC to explore a diversity of housing delivery, financing and ownership models within revitalizations.
- Identify and initiate opportunities for federal and provincial, as well as non-profit partnerships.

## **E. New and Enhanced Policy and Program Tools to Support the HousingTO Targets**

Subject to Council's approval of this report, staff advance the following key initiatives over the upcoming months:

- Develop a new Community Housing Sector Strategy aimed at protecting existing non-profit homes and co-operative homes that are approaching end of operating agreements, and to increase the stock of net new non-profit and co-operative homes;
- Review and recommend changes to the Open Door Affordable Rental Program considering Council's revised HousingTO Plan targets that include both affordable rental (including RGI) and rent-controlled market units; and
- Review and recommend changes to the City's Affordable Home Ownership Policy and Program Framework, with consideration of the Auditor General's recommendation in Item AU6.3, as well as impacts of the Government of Ontario's *More Homes Built Faster Act, 2022* (Bill 23), including its recently announced [affordable ownership definition](#).

## **F. Increasing Capacity of the Non-Profit Sector**

This report recommends that City Council authorize the Executive Director, Housing Secretariat, to negotiate and enter into, on behalf of the City of Toronto, a Memorandum of Understanding and any funding agreements to provide funding in the amount of up to \$115,000, included in Housing Secretariat's approved 2023 Operating Budget with the Toronto Alliance to End Homelessness based on the terms and conditions outlined in Attachment 4.

The MOU will outline the parties' roles and responsibilities and collaborative efforts to:

- Identify land owned by the non-profit sector to create new affordable and supportive housing;
- Support the creation of 18,000 supportive homes, and advancing a high-quality, growing, and sustainable system of supportive housing in Toronto;
- Identify opportunities to secure and optimize funding for health and social supports; and

- Identify opportunities for the City and TAEH to help the non-profit sector increase both development and operating capacity.

The City has previously entered into similar arrangements with the Co-Operative Housing Federation of Toronto, Miziwe Biik Development Corporation and Kindred Works (formerly United Property Resource Corporation).

## **G. Protecting and Preserving the Existing Rental Housing Stock**

It is estimated that for each 1 new purpose-built rental unit built, between 2011-2021 Toronto lost 15 due to demolition and conversion. This erosion of ‘naturally occurring affordable housing’ units poses a serious threat to Toronto’s and Canada’s supply of affordable housing. An analysis undertaken for the Office of the Federal Housing Advocate examined the change in the number of lower rent units between 2011-2021. This explored the reduction in units below \$750 per month (affordable at income of \$30,000) as well as below \$1,000 (income of \$40,000). While initially (2011-16) losses were identified in units under \$750 this loss declined substantially after 2016, mainly because there were few units remaining below that benchmark. Using the \$1,000 benchmark it was determined that 132,000 fewer units under \$1000 remained in 2021, compared to 2011. The subsidy cost to build and replace the 132,000 lost units in Toronto (CMA) with rents at or below \$1,000 per month would exceed \$45 Billion – greater than half the current total 10-year budget of the National Housing Strategy (\$85 Billion). Therefore, it is significantly less costly to protect our existing housing stock than it is to build new – acknowledging of course, that both actions need to occur simultaneously in order to address the housing crisis.

To respond to this systemic issue, in November 2021, the City of Toronto launched the Multi-Unit Residential Acquisition (“MURA”) program to support the non-profit housing sector to purchase, renovate and operate market rental properties for Toronto residents with low to moderate incomes. These homes will be secured as net new affordable housing for at least 99 years and contribute towards the City’s HousingTO Plan targets.

The City will continue to focus on taking action, within its jurisdictional and financial capacity, to remove private rental properties from the speculative housing market to create new permanently, secured affordable rental homes. These actions will ultimately improve housing stability for current and future renters; increase capacity in the Indigenous and non-profit housing sectors; improve individual and community health; and ensure the long-term financial sustainability of the homes.

Key actions to implement this initiative will include:

- Enhancing the City’s current MURA program to support the acquisition and conversion/rehabilitation of a range of properties (including those with more than 60 dwelling units) by non-profit organizations and/or the City to create net new permanently affordable and protected rental homes;
- Establishing a Housing At-Risk Table which will: support renters at-risk of eviction or those recently evicted; review complaints received; and connect people to supports to prevent/reduce evictions, including illegitimate evictions;

- Establishing a new Rental Protection and Supply Team to proactively identify and source at-risk properties, and create a database/registry to track properties;
- Exploring the development of a Renovictions By-law (within the City's jurisdiction) to deter the practice of 'renovictions'; and
- Creating new 'Eviction Prevention' tools to educate tenants and landlords on their rights and responsibilities. This includes new interactive digital tools plus a new Tenant & Landlord Rights and Responsibilities Handbook.

New and enhanced staffing plus technology tools will be identified through future reports to Council to support the above actions.

## H. Continued Focus on Supportive Housing

All orders of government have agreed that the solution to ending chronic homelessness is to create more supportive housing. Supportive housing combines a deeply affordable home with a range of wraparound health and social support services to help people live independently and with dignity.

The HousingTO Plan sets a target of approving 18,000 supportive homes by 2030. The City currently creates new supportive housing opportunities by building net units as well as using existing housing stock. Working with community health and housing partners, residents in these homes are provided with access to individualized supports that help to improve their housing, health and social outcomes.

To scale up supportive housing efforts to address the needs of very low-income residents, many of whom are vulnerable and marginalized, this report recommends that the federal and provincial:

- **Scale up the Canada-Ontario Housing Benefit (COHB)** – through the HousingTO Plan, the City has requested 31,000 COHB allocations by 2030.
- **Dedicate sustainable (and incremental) operating funding for Supportive Housing** – A predictable and ongoing commitment for operating funding is essential to increasing and maintaining new supportive housing. These supports help people to achieve housing stability and improve their health and socio-economic outcomes long term.
- **Increased Investments in mental health and addictions supports** – There is an urgent and growing need for mental health and addiction supports in Toronto, Ontario and Canada fueled in large part by the converging housing and opioid crises. Key actions required include:
  - An intergovernmental approach to fund, streamline, and enhance access to critical mental health supports, and increase transparency on investments made by the provincial and federal governments and associated outcomes.
  - Enhanced resources for community and primary health care providers to support people experiencing homelessness and those who are transitioning into permanent supportive housing.
  - New and sustainable funding is required to ensure availability of appropriate primary health care, harm reduction, overdose prevention and mental health case management services.

## **I. Addressing Inadequate Social Assistance Rates and Supporting the Creation of New RGI Homes**

To support the creation of new RGI homes, as well as to reduce financial burden on the City through existing RGI stock (estimated at \$125 million annually), this report recommends that Council request the province to

- improve the adequacy and structure of social assistance programs, based on data and evidence, so that recipients are better able to meet their basic needs, including the high cost of housing in Toronto, and to equalize the benefit rate across the Ontario Works (OW) and the Ontario Disability Support Program (ODSP); and
- eliminate the Housing Services Act Rent Scales to equalize the shelter benefit components of OW and the ODSP for rent-geared-to-income (RGI) households residing in City-administered community housing, with those residing in the private market housing.

Ontario's social assistance program is delivered through two main programs: 1) Ontario Works (OW) which is aimed at adults in serious financial need; and 2) the Ontario Disability Support Program (ODSP) which is aimed at people with serious financial need and a disability. Both programs are provincially funded and are similar in design, but ODSP has a higher benefit rate and offers more extensive health benefits and supports.

The level of financial support provided by OW and ODSP have not kept up with rising costs and the nature of our economy and labour market. For instance, in 2023, the Average Market Rent of a one-bedroom apartment in Toronto is \$1,538 per month while a studio is \$1,317. Actual asking rents for private market rentals are even higher. In this context, and as of July 2023, the shelter portion of OW and ODSP benefits for a single person household - \$390 and \$556 respectively per month – is inadequate for people to afford housing in the Toronto market.

Additionally, the Government of Ontario (under the Housing Services Act rent scales) provides households residing in private market housing and in receipt of RGI benefits, with a much larger benefit than those in receipt of RGI benefits and residing in City-administered community housing. For example, the legislated rent scales provide \$85 per month for a single person receiving OW who lives in RGI housing, compared to \$390 for the same person residing in the private market housing. This inequity inflates the RGI subsidy for each household in receipt of OW or ODSP and, as a result, transfers a cumulative financial burden of an estimated \$125 million in provincial social assistance costs to the City's tax base each year.

## **J. Existing Policy Tools to Support Delivery of New Affordable and RGI Homes**

To support implementation of the HousingTO and Housing Action Plan targets, the City will continue to use the following policy and regulatory tools:

- **Community Benefits Charge (CBC):** Section 37 of the Planning Act authorizes the City to adopt a community benefits charge (CBC) by-law and collect CBCs to pay for the capital costs of facilities, services and matters that are required to serve development and redevelopment. This tool differs from the former Section 37 density bonusing framework in that the City cannot negotiate the value of the CBC or require the cash contribution to be provided for specific purposes. All CBC funds are paid into a reserve fund and allocated through the City's annual capital budget process. Alternatively, an applicant may elect to provide an in-kind CBC contribution, such as affordable housing, if both the City and applicant agree to the proposal and valuation. As the CBC has a legislated maximum of 4% of the land value, the number of affordable housing units able to be secured as an in-kind contribution is limited. The need for other community benefits, such as a daycare or community space, must also be considered prior to using the CBC contribution for in-kind affordable housing.
- **Large Sites Policy:** Official Plan policy 3.2.1.9 requires the provision of affordable housing as the first priority Section 37 community benefit on sites larger than 5 hectares. This policy has been implemented through various Section 37 agreements.
- **Employment Conversions:** Affordable housing has been negotiated as a condition of many employment conversions. Affordable housing requirements in Site and Area Specific Policies for these lands have typically been consistent with the City's Inclusionary Zoning policy requirements, with 5-10% of the proposed development required to be affordable for 99 years.
- **Secondary Plans:** Some secondary plans, such as the Central Waterfront Secondary Plan, require the provision of affordable rental housing as a community benefit through one or more delivery methods including on-site affordable rental housing units, dedication of land to the City, or cash-in-lieu. In the past, these requirements for affordable housing units were secured through former Section 37 agreements.
- **Increased Densities for Projects with Non-Profit Housing:** Section 453.1 of the City of Toronto Act allows the City to provide increased residential densities on sites where social or affordable housing that is owned and/or operated by a non-profit organization is provided. This tool can be used on sites developed by a private developer where the affordable housing units are conveyed to, or operated by, a non-profit housing provider or sites developed and administered by a non-profit organization. The affordable housing would be secured through an agreement registered on title.

Subject to the issuance by the Government of Ontario, of a new regulation and approval of the City's amendments on Protected Major Transit Station Areas, the City will also add Inclusionary Zoning to its toolkit.

- **Inclusionary Zoning (IZ):** The City's by-law requires new development around transit stations to include 5-10% of the residential gross floor area as affordable housing secured for 99 years. IZ cannot be implemented until the Province approves

the City's Protected Major Transit Station Areas (PMTSAs). Provincial approval of 98 PMTSAs located in areas where IZ would apply remains outstanding. IZ will not apply retroactively to developments which have already submitted zoning by-law amendment and either site plan or plan of subdivision applications. Furthermore, Bill 23 proposed a cap on the proportion of affordable housing municipalities may require (i.e., up to 5% of the development) and a maximum 25-year affordability period. Should the Province issue a regulation with these proposed changes, the City's IZ policy and by-law would have to be amended for conformity. This report recommends that City Council re-iterate its request to the Government of Ontario to provide a decision on the Major Transit Station Areas and Protected Major Transit Station Areas delineations previously submitted for Ministerial approval and allow for Inclusionary Zoning to be applied city-wide. It is also recommended that these homes be required to meet the City's income-based definition of affordable housing and remain affordable for 99 years.

## **Conclusion and Next Steps**

This report outlines several recommendations, initiatives and actions focused on shifting and strengthening Toronto's housing system to better address the housing needs of a range of households, while creating more equitable, inclusive, and sustainable communities.

At a system level, the report is focused on increasing the supply of public and non-profit housing stock; creating net new rent-controlled affordable, RGI and market homes; and protecting our existing housing stock. Further, the report includes a series of recommendations to the federal and provincial governments which, if implemented, will strengthen protection for renters, improve housing affordability, and address market speculation.

To support these necessary system changes, the report also highlights some key actions underway within the City's administrative structure. These include: the recent establishment of a Development and Growth Service Area to improve cross-divisional (and City-wide) coordination and streamline resources to expedite the development application review and permitting processes; and the integration of systems and new technology solutions to add efficiencies in the process. Additionally, the City will continue to focus on removing regulatory barriers through the Housing Action Plan to enable increased housing supply.

While the City is committed to taking every possible action within its jurisdictional and financial capacity to address the housing crisis, it is critical that the federal and provincial governments support these efforts. As highlighted in this report, new and enhanced policy and financial tools are urgently needed to meet shared City-provincial-federal housing targets and objectives. This includes a new fiscal deal to support the City's long-term financial sustainability plus a commitment from the federal and provincial governments to invest in the HousingTO Plan.

The required financial investments, although significant, are necessary to restore some level of affordability after decades of insufficient public investments in housing. The

investments will improve housing and health outcomes for low-, moderate- and middle-income households, relieve pressure (and cost) related to use of other public systems such as emergency shelters, hospitals, and jails, and help the city to attract and retain key workers needed to sustain our economy. These investments are also essential to support the continued social, economic, and cultural growth and prosperity of Toronto, the region and rest of Ontario and Canada.

## **CONTACT**

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## **SIGNATURE**

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Jag Sharma  
Deputy City Manager, Development and Growth Services

## **ATTACHMENTS**

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Confidential Attachment 1 – List of Potential Future Housing Sites

Attachment 2 – List of ‘Housing Ready’ Sites

Attachment 3 – Implementation Plan to Deliver the New Supply Targets under the Combined HousingTO and Housing Action Plan

Attachment 4 – Terms and Conditions for Memorandum of Understanding with Toronto Alliance to End Homelessness