

Advancing Generational Transformation of Toronto's Housing System - Aligning Housing Mandates and Strategic Efforts

Date: November 21, 2023

To: Executive Committee

From: Deputy City Manager, Development and Growth Services

Wards: All

SUMMARY

The worsening housing crisis demands heightened action and investments from all orders of government. In response to the urgent need to ramp up efforts, on September 6, 2023, City Council adopted [Item EX7.2 - 'Urgently Building More Affordable Homes'](#), and directed the Deputy City Manager, Development and Growth Services, among other things, to:

- Create a plan, implementation framework and timeline to achieve 25,000 new rent-controlled homes, in addition to the City's previous HousingTO 2020-2030 Action Plan (HousingTO Plan) target of 40,000 affordable rental homes; and
- Report back on an effective alignment of resources, mandates, structure, and personnel of all City of Toronto agencies, boards, commissions, corporations and divisions involved with housing, in particular Toronto Community Housing Corporation and CreateTO, 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.

At its meeting of November 8 and 9, 2023, City Council adopted [Item EX9.3 – “Generational Transformation of Toronto’s Housing System to Urgently Build More Affordable Homes”](#), which updated the HousingTO Plan's new supply target to 65,000 rent-controlled homes. The report also identified a suite of City actions and initiatives that are required to meet this target and help strengthen Toronto's housing system to better address the housing needs of low-, moderate- and middle-income households, including:

- Dedicating additional City-owned land to create new affordable homes;
- Accelerating the delivery of ‘housing ready’ projects on City and non-profit owned land;

- Streamlining and optimizing people, processes, and technology resources to expedite approvals and housing delivery;
- Developing new and sustainable funding models; and
- Supporting the Indigenous, non-profit and co-operative housing sectors to build housing.

Additionally, to urgently advance the City's efforts and actions, City Council directed the Deputy City Manager, Development and Growth Services to report to the December 5, 2023 meeting of the Executive Committee with recommendations to ensure alignment of the strategic plans and mandates of Toronto Community Housing Corporation and CreateTO, with the City's housing plans and targets.

This report responds to Council's directions in Item EX7.2 and Item EX9.3 and outlines a number of recommendations that will ensure a more consistent and strategic approach in how the City, CreateTO and Toronto Community Housing Corporation plan and deliver housing services. This includes a more effective alignment of resources, mandates, structure, and personnel. This approach will provide greater clarity and direction for each organization and optimize existing resources and expertise across teams in support of the City's housing plans and targets.

RECOMMENDATIONS

The Deputy City Manager, Development and Growth Services recommends that, consistent with the principles of the City's City-Wide Real Estate Strategy, Item EX7.2 - Urgently Building More Affordable Homes, Item EX9.3 - Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes Plan, HousingTO Plan, and Long-Term Financial Plan:

1. City Council amend section 4.1.2(c) of the Toronto Community Housing Corporation Shareholder Direction to authorize Toronto Community Housing Corporation to facilitate the creation of complete communities across the Toronto Community Housing Corporation housing portfolio, through the development and intensification of its lands and buildings, including prioritizing the delivery of net new rent-geared-to-income (RGI), affordable and market rent-controlled homes, in addition to replacement of existing RGI homes, to support delivery of the City of Toronto's housing plans and targets; and direct the City Solicitor to prepare such amendment and submit the appropriate bills to Council.
2. City Council request the Board of Directors of CreateTO to leverage City lands and partnerships to facilitate the creation of complete communities, and to prioritize the delivery of a range of new purpose-built rental homes including new rent-geared-to-income (RGI), affordable and market rent-controlled homes, to support delivery of the City of Toronto's housing plans and targets.
3. City Council request the Boards of Directors of Toronto Community Housing Corporation and CreateTO, to direct their respective Chief Executive Officers, to ensure that the public retention of all sites designated for housing purposes is a top strategic

priority, and work with the Deputy City Manager, Development and Growth Services to ensure alignment of their respective Strategic Plans with the City's housing plans and targets, as described in Recommendations 1 and 2, by Q3 2024.

4. City Council direct the Deputy City Manager, Development and Growth Services, in collaboration with the Deputy City Manager, Corporate Services, the Chief Executive Officer, Toronto Community Housing Corporation, the Chief Executive Officer, CreateTO, and the Executive Director, Housing Secretariat, to include recommendations on further actions required to ensure functional, structural and governance alignment to facilitate the implementation of the City's housing plans and targets, as part of the anticipated Q2 2024 update report on the City-led development model at five 'housing ready' sites, as directed by Council in Item EX9.3.

5. City Council request the City Manager, in collaboration with the Deputy City Manager, Corporate Services, the Deputy City Manager, Development and Growth Services, the Chief Financial Officer and Treasurer, the Chief Executive Officer, Toronto Community Housing Corporation and the Chief Executive Officer, CreateTO, to report back with recommendations, based on short-term and longer term strategic considerations, to ensure sustainable operating models for Toronto Community Housing Corporation and CreateTO, following the functional, structural and governance alignment referred to in Recommendation 4.

FINANCIAL IMPACT

There will be no immediate financial implications related to the recommendations in this report. 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.

There will be future financial impacts for the full implementation of the City's Housing Plan outlined in Item EX9.3. Additional funding requirements will be included in future-year budget submissions for consideration through the annual budget review process.

The 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

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 HousingTO Plan was amended by City Council on November 8, 2023, through Item EX9.3 - 'Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes', to increase the City's new housing supply target to 65,000

new rent-controlled homes. These homes will include net new RGI, affordable and rent-controlled market rental homes, to be delivered within mixed-use, mixed-income, and complete communities.

Creating a range of new homes will increase opportunities low-and-moderate-income households, including Indigenous residents 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

At its meeting on November 8 and 9, 2023, City Council adopted Item EX9.3 - Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes. The report outlines several recommended actions, and 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.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX9.3>

At its meeting of September 6, 2023, City Council adopted Item EX7.2 - Urgently Building More Affordable Homes, and directed the Deputy City Manager, Development and Growth Services, among other things, to create a plan to achieve 25,000 new rent-controlled homes, in addition to the City's previous HousingTO 2020-2030 Action Plan (HousingTO Plan) target of 40,000 affordable rental homes. Council also requested a report back on an effective alignment of resources, mandates, structure, and personnel to achieve the plan.

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

At its meeting on September 6, 2023, City Council adopted EX7.1 - Updated Long-Term Financial Plan. The report provides an updated Long-Term Financial Plan (LTFP) that identifies and considers immediate and long-term opportunities to address the City's fiscal challenges, including options to review operating expenditures, financial incentives, new and existing revenue tools, capital prioritization, asset transactions and intergovernmental funding arrangements.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX7.1>

At its meeting on November 9, 10 and 12, 2021, City Council adopted Item EX27.4 - City-wide Real Estate - Next Phase of Implementation. The report provides an update on the next phase of implementation of the City-wide Real Estate Transformation, including a summary of accomplishments achieved during the first three-year period of implementation and value and benefit to the City delivered to date. It also sets the stage for the continued advancement of the centralization of strategic real estate activities and service functions, in support of City Divisions, Agencies and Corporations, City-building opportunities, and City Council priorities.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.EX27.4>

At its meeting on July 16, 17 and 18 2019, City Council adopted PH7.4 - A New Approvals Framework for Toronto Community Housing Corporation Revitalization Projects. This report recommends an approval process for all future Toronto Community Housing Corporation revitalizations and redevelopment opportunities, including any demolition and reconstruction of multiple buildings and infill opportunities. It also establishes a project governance framework for greater collaboration and coordination with City Divisions and CreateTO.

<https://secure.toronto.ca/council/agenda-item.do?item=2019.PH7.4>

COMMENTS

1. City Housing Plans and Targets

a) HousingTO Plan

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

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

On September 6, 2023, City Council adopted [Item EX7.2 - 'Urgently Building More Affordable Homes'](#) and directed staff to establish a plan to achieve 25,000 new rent-controlled homes, in addition to the 40,000 affordable rental unit target previously outlined in the [HousingTO Plan](#).

b) Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes

At its meeting of November 8 and 9, 2023, City Council adopted [Item EX9.3 – “Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes”](#), which updated the HousingTO Plan and established a new City housing target of 65,000 rent-controlled homes including, 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 will support 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. This system change is necessary to ensure that low-moderate- and middle-income households, including people experiencing homelessness and key workers are able to access and maintain good quality, affordable homes.

Item EX9.3 also identified a number of key actions and initiatives that are critical to increasing the City's capacity to support delivery of new homes including:

- Optimizing and streamlining resources involved in housing development across City divisions, Toronto Community Housing Corporation ("TCHC") and CreateTO.
- Streamlining existing processes to expedite the planning, approvals and delivery of housing projects.
- Utilizing new and enhanced technology to achieve greater efficiencies.
- Prioritizing the delivery of rental homes on land owned by the City, TCHC and CreateTO to support the City's 65,000 rent-controlled homes target.
- Supporting the non-profit sector to build and operate more homes on their land.

The recommendations in this report will help the City to immediately advance the above objectives, while concurrently reviewing opportunities for further resource alignment across the City, TCHC and CreateTO development teams.

2. Current State - Key City Divisions, Agencies and Corporations that Support Delivery of New Homes

a) Development and Growth Services

The recently established Development and Growth Services (DGS) Service Area is focused on expediting the City's planning approval and review processes and ensuring delivery of a range of new homes across the city.

To support these objectives, DGS will comprise of the following divisions once fully implemented:

- City Planning;
- Toronto Building;
- Housing Secretariat; and
- Development Review - which will be a new division that 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).

The new approach centralizes all City roles/functions that are involved in the housing development review process into a single service area, enabling more efficient and streamlined decision-making authority and accountability.

The enhanced alignment of resources, mandates, structure, and personnel of CreateTO and TCHC recommended in this report supports the overall mandate of DGS. More specifically, these changes are necessary to accelerate the strategic planning, development review and approvals, construction, and occupancy of new homes, particularly purpose-built affordable and market rental housing, to better respond to the housing crisis.

b) Housing Secretariat

As noted above, the Housing Secretariat is one division within the DGS Service Area. The Housing Secretariat's mandate is to develop Toronto's overall strategic plan for housing, based on Council's direction, and to support its implementation. The Housing Secretariat also provides oversight and administration of homes owned by TCHC and other non-profit housing providers.

More specifically, the Housing Secretariat:

- Oversees development and implementation of the City's housing plans and targets, in collaboration with City divisions, agencies, boards and corporations, as well as external stakeholders.
- Leads the development of systems-level housing policies and programs, to support implementation of the City's overall strategic housing plan.
- Administers federal, provincial and City investments in housing, including the City's 10-Year housing capital plan.
- Delivers programs that support the delivery of new homes and preservation of existing homes on land owned by the City (including its agencies, boards and corporations) and the non-profit and private sectors.
- Provides service system management including funding and oversight of 280 housing providers, 92,000 social and affordable homes (including TCHC and Toronto Seniors Housing Corporation homes), administering over 10,000 housing benefits, and providing grants to community agencies that help households find and maintain housing.

c) TCHC

TCHC is the City's Housing Corporation. Its core mandate is to provide subsidized rental housing (rent-geared-to-income) in a state of good repair to low- and moderate-income households in Toronto. In support of its core mandate, TCHC may engage in business activities related to the "*facilitation of the development of its housing portfolio, including subsidized rental housing, through the development of its lands and buildings, utilizing a process led by the City and CreateTO, as Directed by Council*" (TCHC's Shareholder Direction, section 4.1.2(c)). These development activities include the development, redevelopment or revitalization of existing buildings and property for housing and related purposes as well as the construction of new buildings and infill opportunities on their properties.

Over the past 20 years, TCHC has been partnering with the private sector to replace existing aged rental housing units and to unlock land for new market housing units. TCHC and the City community revitalization focus is to create complete vibrant communities, 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. Some key projects that have been globally recognized include the revitalization of Regent Park and Alexandra Park.

Since 2019 and the adoption of a new approvals framework for revitalization projects ([Item PH7.4](#)), TCHC has been working collaboratively with City Divisions and CreateTO on its revitalization projects, including on site identification and needs assessment; developing a initial development proposal with a preliminary project concept and projects costs; procurement of a development partner; planning approvals; and delivery. The development team at TCHC leads revitalization projects, working with their selected development partners at the City from development planning to construction, and occupancy. TCHC also has a robust tenant engagement function, to ensure tenants and the community are engaged in the process, that revitalizations bring opportunities to residents, and to minimize disruption related to tenant relocation on existing communities. More than just physical redevelopment, revitalization projects focus on building social infrastructure. Currently, there are seven major in-flight TCHC revitalization projects across the city.

d) City-wide Real Estate Model - CreateTO & Corporate Real Estate Management

The City's current real estate service delivery model ("the model") was approved by City Council in 2017 (EX25.9) and reaffirmed in November 2021 (EX27.4) as part of the City-wide Real Estate Transformation, in an effort to centrally and strategically manage the entirety of the City's real estate portfolio through a coordinated structure that drives city building opportunities and addresses City service needs.

The model includes:

i) CreateTO

CreateTO is an agency of the City, created in 2018 to help the City meet Council's key programmatic and overarching city and community building priorities by strategically managing the City's real estate portfolio and creating and unlocking value in existing, underutilized City assets. As part of this work, CreateTO has a mandate to develop City buildings and lands for municipal purposes and deliver client-focused real estate solutions to City divisions, agencies and corporations. In addition, CreateTO manages and governs the City's real estate holding corporations – Build Toronto Inc. and the Toronto Port Lands Corporation, and through its agency structure, enables the City to more easily partner, limits the City's liability, and manages environmentally sensitive properties, among other things.

As the City's real estate agency, CreateTO identifies housing opportunities in the City's real estate portfolio and takes steps to fully maximize value and city building potential on public lands. This includes undertaking property due diligence, expert financial analysis and modelling to determine financial viability and housing affordability levels that can be achieved, leading development planning work for city sites, analyzing development models and partnerships, and seeking opportunities to co-locate other city services to create complete communities and bring wrap-around supports. CreateTO works with development partners on behalf of the City and brings forward opportunities to the Housing Secretariat and Council for decision.

ii) Corporate Real Estate Management (CREM)

CREM is a division under the City's Corporate Services area that leads real estate operational standards, day-to-day transactions (i.e., sales, leases, acquisitions, expropriations), project delivery and property/facilities management services for the City's real estate portfolio.

CREM supports the delivery of housing through the following key functions:

- **Transactions:** Works with divisional partners to facilitate real estate transactions (e.g., site acquisitions, executing lease agreements, etc.) for various properties and property interests to create Council-directed housing opportunities.
- **Capital Delivery:** Oversees the construction of specific housing on City sites.
- **Asset Oversight:** As the property owner and asset steward, ensures that City assets remain in a state of good repair and are managed appropriately during their life cycle.

CreateTO and CREM also support the Housing Secretariat in the delivery of some key City housing initiatives, including the Rapid Housing Initiative, Modular Housing and Housing Now Initiative.

3. Interim Future State - Enhanced Collaboration and Coordination

Guiding Principles and Considerations

The City's new housing plans and targets are ambitious and will require heightened and focused efforts from City divisions, CreateTO and TCHC to accelerate implementation.

The recommendations in this report support the guiding principles and considerations outlined in Item EX9.3 and below, and will guide implementation of the City's housing plans:

- **People** – ensuring that there is 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, 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.

Alignment of Mandates and Expertise to Increase the Supply of New Homes

Strengthening and clarifying the mandates of CreateTO and TCHC as it relates to the delivery of a full range of housing opportunities, in the context of complete communities on City and TCH-owned lands, sets the stage for greater collaboration between the City and these organizations. It also ensures that the City can build upon and optimize an interdisciplinary and coordinated team approach to advancing City-owned sites. These efforts will complement the work being undertaken by the DGS Service Area to streamline and improve efficiencies across various City divisions which are involved in housing services, including the review and approval of planning applications.

These efforts will also enable a greater emphasis on working with more diverse partners to advance the development and/or intensification of City-led and City-supported sites owned by Indigenous, non-profit and co-op organizations.

This report provides direction to CreateTO and TCHC to work with the City on the delivery of the City's housing plans and targets, including new and explicit language on expectations and scope for greater alignment. Specifically, it amends TCHC's Shareholder Direction to facilitate the creation of complete communities on TCHC-owned land. These complete communities can be achieved through the revitalization of existing TCHC communities, or through the intensification of existing communities with in-fill projects. Development projects on TCHC lands should consider a range of housing opportunities, including net new RGI, affordable and market rent-controlled homes, in addition to the replacement of existing RGI homes in the case of revitalization projects. Opportunities to increase the number of net new homes in existing and ongoing revitalization projects will be carefully reviewed to maximize housing outcomes and prevent unnecessary disruptions and delays to the revitalization of existing communities. In addition, this report re-emphasises CreateTO's role in the creation of complete communities by leveraging City lands and partnerships, with a focus on ensuring a range of housing opportunities, including RGI, affordable and market rent-controlled, and affordable ownership homes, to support delivery of the City of Toronto's housing plans and targets. Both organizations will work with the Deputy City Manager, Development and Growth Services to ensure their strategic plans are aligned with the City's housing plans and targets.

Activating the Strategic Working Group

As highlighted in Item EX9.3, the Deputy City Manager, Development and Growth Services is bringing together key resources from across City divisions, CreateTO and TCHC and strengthening processes to advance projects. This includes implementation of an expedited stage gate process, led by a coordinated cross-functional team, to support projects from inception to construction completion, under the leadership and oversight of a senior leadership team.

The alignment of mandates, personnel and resources, as well as the other recommendations in this report will support these efforts. The proposed alignment and enhanced coordination across teams will:

- Optimize development and project management capacity and expertise to urgently expand the public delivery of sites.
- Support implementation of a City-wide 'standard approach' to financial planning and project proforma development, including discussions with funders such as the federal and provincial governments.
- 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.
- Optimize city-building and co-location opportunities across City sites (including TCHC sites).
- Improve the budget preparation process, tracking of expenditures, coordination of capital budgets across divisions and agencies (where city-building opportunities are identified) and regular financial reporting.
- Increase the City's capacity to support the Indigenous, non-profit and co-operative housing sectors to intensify and redevelop their lands.

This more focused and directed governance model, and an ongoing review of the core working team and its effectiveness in meeting the objectives of the housing plan and targets, will help inform a longer-term housing delivery model.

This long-term delivery model will be brought forward to Council for consideration in Q2 2024, and be supported by more sustainable operating models for CreateTO and TCHC, as outlined in the recommendations.

4. Next Steps

The recommendations in this report, if adopted by Council, will help provide a consistent mandate and approach to how City divisions, CreateTO and TCHC utilize land, personnel and other resources to support delivery of the City's housing plans and targets. The recommendations will also support and strengthen the ongoing work of the DGS Service Area. In tandem with implementing the interim delivery structure described in this report, staff will continue to review existing functional, structural and governance models across all these organizations and identify opportunities to further optimize skills and resources to accelerate the delivery of housing on sites owned by the City and TCHC, as well as the Indigenous, non-profit and co-operative sectors. Staff will report back to Council in Q2 2024 with recommendations to ensure continuous improvement and enhanced efficiencies to meet the City's ambitious housing plan targets.

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