

Affordable Housing in Transit Oriented Communities - Update

Date: May 17, 2023

To: Planning and Housing Committee

From: Chief Planner and Executive Director, City Planning

Wards: All

SUMMARY

This report responds to a request for information on how affordable housing is being secured at Transit Oriented Communities. A number of these projects have been proposed at several Ontario Line stations. To date zoning has been authorized through Minister's Zoning Orders (MZOs) at nine TOC locations. Staff continue to negotiate how the City's interests will be secured from future TOC development partners, notably including the provision of affordable housing.

Options under review by the Province include leveraging Inclusionary Zoning, purchasing units through a funding contribution from the Province's TOC proceeds, the potential participation of the City through its Open Door program, and a future buy-back option. In addition, each TOC location is being assessed to determine the cost of affordable units and how many units could be secured under ownership and rental scenarios, and under different terms of affordability. Consolidation of affordable units at certain TOC locations is also under consideration.

The Housing Secretariat has been consulted in the preparation of this report.

FINANCIAL IMPACT

There are no financial impacts associated with this report.

DECISION HISTORY

On December 15th, 2021 Council adopted with amendments TE29.17 Transit Oriented Communities Update (Preliminary Report). Among several directions staff were to require going forward that all new housing in TOCs in Toronto align with Inclusionary Zoning targets, with a goal of reaching thirty percent of all units affordable.

Link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.TE29.17>

On April 7, 2022 City Council adopted report EX31.2 Ontario Line Transit Oriented Communities. The report authorized City staff to execute a Value Allocation Framework for TOCs, enter into a series of Memorandums of Understanding between the City and Province to document commitments of each party, finalize and enter into agreements respecting affordable housing and rental replacement, among other matters.

On July 19, 2022 City Council considered report PH35.16 Our Plan Toronto: City-wide 115 Proposed Major Transit Station Areas/Protected Major Transit Station Area Delineations – Final Report. This report approved two Official Plan Amendments that would respond to Provincial direction to establish the boundaries of these policy areas and directed staff to take the necessary steps to bring into force the City’s Inclusionary Zoning by-laws 940-2021 and 941-2021 upon Ministerial approval of the Official Plan Amendments.

Link: <https://secure.toronto.ca/council/agenda-item.do?item=2022.PH35.16>

On April 27, 2023 Planning and Housing Committee adopted PH3.23 Affordable Housing in Transit Oriented Communities, which directed Staff report back to the Committee “with details on the percentage of affordable housing currently proposed at each Transit Oriented Community (TOC), and the number of affordable units that would be created if each proposal had 20 percent affordable units or the Housing Now standard of 30 percent affordable units.”

Link: [Agenda Item History - 2023.PH3.23 \(toronto.ca\)](#)

On May 12, 2023 City Council adopted TE4.37 Status Report on the Gerrard-Carlaw North Transit Oriented Community. Staff were directed to request that the Provincial government require its development partner to deliver a minimum of 20 percent affordable housing for a minimum of 50 years and that the Province and developer make a public commitment to do so. Further, a petition was presented to Council with over 900 signatures which also requested 20 percent affordable housing at Gerrard-Carlaw North TOC.

Link: <https://secure.toronto.ca/council/agenda-item.do?item=2023.TE4.37>

COMMENTS

Inclusionary Zoning

Transit Oriented Communities (TOCs) are, by virtue of their relationship to major transit expansion projects, located within Major Transit Station Areas (MTSA). These policy areas are generally defined to contain lands within a 500m to 800m radius of a higher order transit station, which is considered to be a walkable area (see PH35.16 above). The purpose of these policy areas is to achieve minimum transit supportive densities which vary depending on the mode of transit that serves the area.

The Province also provides for a Protected MTSA (PMTSA) delineation, where inclusionary zoning policies can be applied. PMTSAs require the City to identify minimum densities for the buildings and structures within the delineated area.

Toronto's Inclusionary Zoning framework recognizes three market areas for housing in the city and establishes minimum affordable housing requirements that must be met by new developments in PMTSAs. These requirements vary by the market area, with five to ten per cent of condominium developments required as affordable housing for 99 years, increasing to eight to 22 percent by 2030.

Official Plan Amendments for MTSA/PMTSAs have been adopted by Council and are awaiting approval by the Province.

In late 2022 the Province introduced Bill 23. This legislation made sweeping changes to the planning framework in Ontario and among other things, proposed capping affordable housing that could be required by a municipality through Inclusionary Zoning at five percent of a development for a maximum of 25 years. Should the Province issue a new Inclusionary Zoning Regulation with these proposed changes, the City's Inclusionary Zoning policy and by-law would have to be amended to conform to the Provincial Regulation.

Evolving approach to TOC Affordable Housing

The Province has indicated that it will support the delivery of complete communities through TOCs. This will be done through a Value Allocation Framework that guides how a fund of up to eight percent of the value of each TOC will be allocated by the Province. Allocations may take the form of contributions to community improvements, provision of community services, or affordable housing. The base case scenario, if no specific matters are identified to receive funding, is to allocate all the funds to affordable housing.

The cost per unit of affordable housing will vary depending on a number of factors which include, but are not limited to, the depth of affordability, the length of affordable tenure, ownership vs rental units, when the units are constructed and the location of projects. All of these factors are under investigation by the Province in an effort to make the most efficient use of the available funds and achieve the highest number of affordable units.

From an administrative perspective, there are also efficiencies that can be realized by consolidating units in a few locations as opposed to including affordable units at each TOC location. In the downtown core, the Queen/Spadina and Corktown TOCs are emerging as potentially the best options for locating affordable units.

The Province has also requested the City to participate in the provision of affordable housing in TOCs through programs such as Open Door. Staff are evaluating what may be possible through this approach, however it should be noted that Bill 23 has reduced the available incentives on which that program relies. Any City commitment to contribute to TOC affordable housing will require Council approval.

A more recent option put forward by the Province is to protect for a buy-back of units prior to their marketing for sale by the future development partner. This option recognizes that there is a significant period of time between when TOC sites will be marketed for development partners to when the developments could be constructed and

new housing delivered. During this time, policies may change, new funding tools may become available, and market conditions may change. A buy-back provision would require the developer to reserve a percentage of units for potential purchase by the City, Province or federal government prior to the developer selling them at market value. It should be noted that any buy-back, if done at market rates, would require significant funds.

Projections of number of affordable units at TOCs under various scenarios

The following table provides the information requested by Council through PH3.23. It also includes the number of affordable units that could be achieved through Inclusionary Zoning, as altered by Bill 23. It should be noted that most of the TOCs authorized to date were exempted from the City's Inclusionary Zoning requirements. Future TOCs are anticipated to be subject to these requirements per Bill 23.

Proposed TOC	Total Number of Units	Inclusionary Zoning (assumed capped at 5%)	Affordable Units at 20% of Total	Affordable Units at 30% of Total
Exhibition Atlantic	265	N/A	53	79
Exhibition Jefferson	305	N/A	61	91
King/Bathurst North	187	N/A	37	56
King/Bathurst South	235	N/A	47	70
Queen/Spadina NE	95	N/A	19	28
Queen/Spadina SW	120	N/A	24	36
Corktown	840	N/A	168	252
First Parliament	653	N/A	130	195
East Harbour	4300	N/A	860	1290
Gerrard Carlaw North	1080	54	216	324
Total	8080	54	1616	2424

Next Steps

Staff and IO continue to negotiate the details of how affordable housing will be delivered, how units will be administered, the terms, tenure and depth of affordability, and the number and location of units that will be provided. Once these matters have been clarified staff will report to Council with recommendations regarding implementation, any participation by the City in delivering units at TOC projects, and to seek authorities regarding agreements.

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SIGNATURE

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