

2024 Budget Notes

CreateTO

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Description

As the City of Toronto's real estate agency, CreateTO applies a strategic city-wide lens to Toronto's real estate holdings, develops City buildings and lands for municipal purposes and delivers real estate solutions to advance City Council's key public policy goals and meet the program needs of City divisions, agencies, and corporations.

CreateTO is financially self-sustaining and submits a net expenditure budget of zero to the City of Toronto.

Toronto has more than 8,400 properties within its real estate portfolio. CreateTO, offers creative and strategic approaches to solving some of our city's most pressing challenges, from building affordable homes and inclusive communities, to creating cultural and employment opportunities, driving economic prosperity, achieving our climate goals, and increasing our collective quality of life.

Why We Do It

The City's real estate portfolio holds tremendous value, both financially & in its potential to be operated & activated for the public good. CreateTO was created to put that value to use for our city, by applying a strategic, city-wide lens to Toronto's real estate holdings.

Since the agency's inception in 2018, CreateTO has identified over \$2 billion in value creation for the City through strategic real estate planning and more effective use of City-owned assets – value that has been invested into City priorities such as affordable housing, community and civic space, and improved services for the people of Toronto.

The City of Toronto aims to deliver these outcomes equitably, efficiently and with excellent customer service to help improve the lives of Torontonians and work to earn their trust and confidence.

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What Service We Provide

Real Estate Advisory Services

Who We Serve: City Council, City Divisions, Agencies and Corporations and Toronto residents.

What We Deliver: Develop and recommend strategies and plans for the City’s real estate portfolio, including specific asset classes and properties.

How Much Resources (gross 2024 operating budget): \$3.9 million

Real Estate Project Delivery

Who We Serve: City Council, City Divisions, Agencies and Corporations, Toronto residents.

What We Deliver: Work ranges from investigative work on potential development opportunities, providing advice related to portfolio strategies developed in-house for specific asset classes, to developing new strategies to address the short and long-term real estate needs of divisions, agencies and corporations to support service delivery.

How Much Resources (gross 2024 operating budget): \$9.3 million

Port Land’s Asset Management

Who We Serve: City Council, City Divisions, Agencies and Corporations, Toronto residents.

What We Deliver: Manage lands, leases, other interests in lands, and other assets owned by the Toronto Port Lands Company.

How Much Resources (gross 2024 operating budget): \$5.3 million

Budget at a Glance*

2024 OPERATING BUDGET			
\$Million	2024	2025	2026
Revenues	\$18.5	\$18.8	\$19.2
Gross Expenditures	\$18.5	\$18.8	\$19.2
Net Expenditures	\$ 0.0	\$0.0	\$0.0
Approved Positions	84.0	84.0	84.0

2024 - 2033 10-YEAR CAPITAL PLAN			
\$Million	2024	2025-2033	Total
CreateTO has no Capital Budget			

How Well We Are Doing

CreateTO continues to focus on delivering key City initiatives. Since the agency's inception, CreateTO, working with the Corporate Real Estate Management division, has identified significant value for the City as demonstrated in the charts below.

Table 1: Cumulative value generated

Outcome	Identified to date (2018 21)
Land value unlocked	\$2.0 billion ⁽¹⁾
Operating cost savings	\$26 million/year ⁽²⁾
Capital cost savings	\$4.5 million/year ⁽³⁾

[1] Unlocked land value identified through portfolio level work

[2] Operating cost savings identified in the ModernTO - Workplace Modernization Program

[3] Capital cost savings identified in the ModernTO - Workplace Modernization Program

To date, the outcomes projected from identified opportunities are as follows:

Table 2: Opportunities identified to date

Identified Opportunity	Projected Outcome
Affordable Housing	6,972 units ⁽¹⁾
Total Housing	16,695 units ⁽¹⁾
Office space reduction/savings	1,000,000 square feet
New community space	353,141 square feet
New park lands - City	599,259 square feet
New park lands - Port Lands	1,860,012 square feet
Greenhouse gas reductions	8,296 tonnes CO ₂ equivalent annually (emissions reductions over baseline)
Employment impact	23,645 direct FTE jobs 14,194 indirect FTE jobs

(1) Housing Now Phases 1, 2 & 3

EXPERIENCES, CHALLENGES AND PRIORITIES

Our Experience and Success

- **Housing:** CreateTO, along with the City and our development partners, celebrated the start of construction on the site at Bloor-Kipling in 2023. The site will deliver 725 residential homes, including 218 affordable rental homes in Etobicoke. The agency also focused on advancing sites through the ModernTO program and recently submitted a Zoning By-law Amendment application for a 32-storey building that will deliver 250 new homes on the site at 931 Yonge Street.
- **Environmental Sustainability:** CreateTO has advanced the City's sustainability objectives on a number of fronts, including through the development of a pilot project to deliver a 10-storey building and laneway housing using mass timber construction at 1113-1117 Dundas Street West, through remediation of contaminated lands to enable sustainable development on underutilized sites, and through a partnership with Enwave to distribute low-carbon thermal energy to all of the development blocks within the Bloor Kipling site.
- **Economic Development:** Key actions to advance the City's office optimization strategy in 2023 included finalizing a transaction at 277 Victoria Street with Toronto Metropolitan University. The agency also facilitated a transaction that resulted in the UK-based Pinewood Group acquiring full ownership of Pinewood Toronto Studios, cementing the City's reputation as one of the most important film studio and media hubs in the country.
- **Equity & Inclusion:** CreateTO is committed to Equity and Inclusion in the workplace and in our project delivery. Initiatives implemented over the past year include establishing a Diversity, Equity and Inclusion (DEI) Strategy that prioritizes a series of action items, improving recruitment diversity through DEI placement programs, internships, diverse hiring sources and new hiring practices, and introducing new training and education initiatives including a new DEI calendar for staff and other learning opportunities.
- **Truth & Reconciliation:** CreateTO is committed to taking meaningful actions to advance the City's Reconciliation Action Plan and to develop strong relationships with First Nations, Inuit and Métis communities. We are participating in the City's RAP Steering Committee, are providing Indigenous cultural competency training for all staff; are partnering with the City's Indigenous Affairs Office to find community space for Indigenous organizations to deliver services and collaborating with our partners to explore how we can better engage Indigenous communities in shaping the future of the waterfront.
- **Cultural Vitality:** In 2023, CreateTO completed the St. Lawrence Centre for the Arts Design Competition with the selection of Hariri Pontarini Architects as the lead on the winning design team. The agency also continued to advance projects like the redevelopment of 260 Adelaide/229 Richmond, the Parkdale Hub and the development of 105 Spadina Avenue, which will create a new City park in the downtown core.

Key Challenges and Risks

- **Market conditions:** Uncertain market conditions due to high interest rates, inflation, and the increased costs of construction, impact the ability to execute on projects.

Priority Actions

- Provide real estate advisory services and solutions to City Divisions, Agencies and Corporations (DAC's) to help DAC's address their capital real estate needs in order to expand, enhance and improve programs and services to the residents of Toronto.
 - Deliver Council-directed public policy goals: City Council is committed to improving the quality of life for Torontonians by addressing key public policy areas that will result in a more affordable, livable and resilient city and at CreateTO we have identified the following key policy areas where we can make a meaningful impact through bold and impactful real estate solutions:
 - **Housing:** The city is facing an unprecedented housing crisis and championing the City's vision of providing affordable housing on City-owned land is central to our approach at CreateTO. The agency will continue to advance solutions that meet the vital housing needs of Torontonians by working with our City partners to bring forward a wide range of housing solutions.
 - **Environmental Sustainability:** As the City's strategic real estate arm, climate action is at the forefront of our thinking in order to advance the City's sustainability objectives on a number of fronts, including through projects like the delivery of low carbon thermal energy across the Bloor-Kipling (Six Points) site.
 - **Economic Development:** CreateTO will continue to advance key projects such as the development of the Basin Media Hub, which is anticipated to add 750 direct jobs on site and a further 880 in the broader community.
 - **Equity & Inclusion:** CreateTO is constantly evolving as an organization and the agency is committed to fostering a place of belonging for all staff while also working to make the city more inclusive through the work we do.
 - **Truth & Reconciliation:** At CreateTO we are committed to meaningful engagement with First Nations, Inuit and Métis peoples and we recognize that we are early on our path of continuous learning, engagement, and reconciliation.
 - **Cultural Vitality:** CreateTO will continue working with our stakeholders and partners to collaborate on projects that contribute to the cultural vibrancy of the surrounding community and the broader city at large.
 - **Support Port Lands Development:** CreateTO will continue to advance the long-term vision for a sustainable new community in the heart of Toronto by acting as a responsible steward of City assets in the Port Lands, supporting the ongoing flood protection work by Waterfront Toronto and supporting further development of the film industry in the Port.
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CITY STAFF PREPARED BUDGET

The City Manager and Chief Financial Officer and Treasurer have prepared the following budget:

1. The 2024 Operating Budget for CreateTO of \$18.463 million gross, \$18.463 million revenue and \$0.0 million net for the following services:

Service:

	Gross Expenditures (\$000s)	Revenue (\$000s)	Net Expenditures (\$000s)
CreateTO	18,463.0	18,463.0	0.0
Total CreateTO Budget	18,463.0	18,463.0	0.0

- The 2024 staff complement for CreateTO of 84.0 positions is comprised entirely of operating positions.

2024 OPERATING BUDGET

2024 OPERATING BUDGET OVERVIEW

Table 1: 2024 Operating Budget by Service

(In \$000s)	2022 Actual	2023 Budget	2023 Projection*	2023 Budget excl COVID	2024 Base Budget	2024 New / Enhanced	2024 Budget	Change v. 2023 Budget excl COVID	
By Service	\$	\$	\$	\$	\$	\$	\$	\$	%
Revenues									
CreateTO	16,040.9	17,946.8	17,293.5	17,946.8	18,463.0		18,463.0	516.3	2.9%
Total Revenues	16,040.9	17,946.8	17,293.5	17,946.8	18,463.0		18,463.0	516.3	2.9%
Expenditures									
CreateTO	16,040.9	17,946.8	17,293.5	17,946.8	18,463.0		18,463.0	516.3	2.9%
Total Gross Expenditures	16,040.9	17,946.8	17,293.5	17,946.8	18,463.0		18,463.0	516.3	2.9%
Net Expenditures	0.0	0.0	0.0	0.0	0.0		0.0	0.0	
Approved Positions**		84.0		84.0	84.0		84.0	0.0	

*2023 Projection based on 9 Month Variance

**YoY comparison based on approved positions

KEY DRIVERS

Total 2024 Budget expenditures of \$18.463 million gross reflects an increase of \$0.516 million in spending above 2023 budget, predominantly arising from:

- The annual impact of the 2023 budget transfer of 3 full time positions to transition the City-wide real estate (CWRE) program office to CreateTO.
- The above budget pressures are partially offset by non-salary decreases primarily due to lower professional fees as a result of one-time strategic and HR initiatives in 2023, lower marketing and promotion costs for one-time website redesign costs in 2023, and lower project investigative costs reflecting lower actual spend.

EQUITY IMPACTS OF BUDGET CHANGES

CreateTO's 2024 Operating Budget will enable positive equity impacts through the delivery of affordable housing on transit-oriented sites, the execution of development community benefits agreements resulting in services being procured from under-represented communities, increased engagement with historically under-represented equity-deserving groups and the development of an agency-wide approach to Indigenous engagement.

2024 OPERATING BUDGET KEY COST DRIVERS

The 2024 Net Operating Budget for CreateTO is consistent with the 2023 Net Budget with zero increase. Table 2 below summarizes the key cost drivers for the 2024 Budget.

Table 2: 2024 Key Cost Drivers

(In \$000s)	2024				2025 Annualized impact (Net)
	Revenues	Gross	Net	Positions**	
2023 Budget	17,946.8	17,946.8	-	84.0	N/A
2023 Projection*	17,293.5	17,293.5	-		N/A
2023 Budget (excl. COVID)	17,946.8	17,946.8	-	84.0	N/A
Key Cost Drivers:					
Salary & Benefits	901.1	901.1	-		
IT Equipment & Software, Office and Other Services	(384.9)	(384.9)	-		
Sub-Total - Key Cost Drivers	516.3	516.3	-		
Total 2024 Budget	18,463.0	18,463.0	-	84.0	
Change from 2023 Budget (excl. COVID) (\$)	516.3	516.3	-	N/A	N/A
Change from 2023 Budget (excl. COVID)	2.9%	2.9%	-	N/A	N/A

*Based on 9 Month Variance

**YoY comparison based on approved positions

Key Base Drivers:

Salaries & Benefits:

Reflects the consolidation of real estate functions at CreateTO which includes an in-year budget transfer of 3 full time positions to transition the City-wide real estate (CWRE) program office to CreateTO.

Non-Salary Reductions:

Non-salary expenses decreased primarily due to lower professional fees, lower marketing and communication costs and lower project investigative costs.

2025 & 2026 OUTLOOKS**Table 3: 2025 and 2026 Outlooks**

(In \$000s)	2024 Budget	2025 Incremental Outlook	2026 Incremental Outlook
Revenues			
Advisory & operations management	6,957.2	131.1	133.8
Portlands Management	5,708.4	114.2	116.5
City Project management	4,582.4	91.6	93.5
Other revenue	1,215.0	24.3	24.8
Total Revenues	18,463.0	361.3	368.5
Gross Expenditures			
Salary & Benefits	16,235.5	324.7	331.2
IT Equipment & Software	434.5	8.7	8.9
Office & Other Services	1,793.1	27.9	28.4
Total Gross Expenditures	18,463.0	361.3	368.5
Net Expenditures	0.0	0.0	0.0
Approved Positions	84.0	0.0	0.0

Key Outlook Drivers

The 2025 Outlook with total gross expenditures of \$18.824 million reflects an anticipated \$0.361 million or 2.0% increase in gross expenditures above the 2024 Operating Budget. The 2026 Outlook expects a further increase of \$0.369 million or 2.0% above 2025 gross expenditures.

Base revenue will adjust accordingly to reflect the actively managed the City's real estate projects and assets as well as portfolio across the Port Lands.

APPENDICES

Appendix 1

2024 Operating Budget by Category

Category (In \$000s)	2021 Actual	2022 Actual	2023 Budget	2023 Projection*	2024 Budget	2024 Change from 2023 Budget		2024 Change from 2023 Projection	
	\$	\$	\$	\$	\$	\$	%	\$	%
Advisory & operations management	7,045.8	3,539.8	6,721.4	5,861.4	6,957.2	235.8	3.5%	1,095.8	18.7%
Portlands Management	3,703.5	4,941.0	5,520.4	5,520.4	5,708.4	188.0	3.4%	188.0	3.4%
City Project management	3,290.4	6,966.4	4,815.9	5,022.7	4,582.4	(233.6)	(4.8%)	(440.3)	(8.8%)
Other revenue	593.8	593.8	889.0	889.0	1,215.0	326.0	36.7%	326.0	36.7%
Total Revenues	14,633.5	16,040.9	17,946.8	17,293.5	18,463.0	516.3	2.9%	1,169.5	6.8%
Salary & Benefits	12,713.0	14,161.7	15,334.4	15,005.6	16,235.5	901.1	5.9%	1,229.9	8.2%
IT Equipment & Software	414.2	472.6	440.7	482.0	434.5	(6.2)	(1.4%)	(47.6)	(9.9%)
Office & Other Services	1,506.3	1,406.6	2,171.7	1,805.9	1,793.1	(378.6)	(17.4%)	(12.8)	(0.7%)
Total Gross Expenditures	14,633.5	16,040.9	17,946.8	17,293.5	18,463.0	516.3	2.9%	1,169.5	6.8%
Net Expenditures	0.0	0.0	0.0	0.0	0.0	0.0		0.0	

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Appendix 2

Summary of 2024 Service Changes

N/A

Appendix 3

Summary of 2024 New / Enhanced Service Priorities Included in Budget

N/A

Appendix 4

Summary of 2024 New / Enhanced Service Priorities Not Included in Budget

N/A

Appendix 5

**2024 Capital Budget;
2025 - 2033 Capital Plan Including Carry Forward Funding**

N/A

Appendix 5a

2024 Cash Flow and Future Year Commitments Including Carry Forward Funding

N/A

Appendix 5b

2025 - 2033 Capital Plan

N/A

Appendix 6

Reporting on Major Capital Projects: Status Update

N/A

Appendix 7

Capacity to Spend Review

N/A

Appendix 8

Summary of Capital Needs Constraints

N/A

Appendix 9

Capital Program Provincial/Federal Funding Streams by Project

N/A

Appendix 10

Inflows and Outflows to/from Reserves and Reserve Funds

N/A

Appendix 11

Glossary

Approved Position: Permanent or temporary positions that support the delivery of City services and service levels as approved by Council.

Actuals: An actual financial amount paid (or received) for the delivery of City services (these exclude any commitments to be paid in the future).

Capacity to Spend: Ability to spend money along with the capacity to deliver projects as demonstrated by historic spending patterns and approved contractual obligations.

Capital Budget: A Capital Budget is the City's plan to acquire / build assets or extend the useful life of existing assets; an example of a capital expenditure is the construction of a new community centre.

Capital Needs Constraints: The capital needs that cannot be accommodated within the capital plan that the Division or Agency have the capacity to deliver.

Complement: Positions that support the delivery of City services and service levels as approved by Council.

Efficiencies: Reductions in the cost of delivering a service without a reduction in service level.

New / Enhanced Service Priorities: New and enhanced service changes resulting in an increase in service levels from what was previously approved by Council.

Operating Budget: An Operating Budget is the City's annual plan to provide services to the residents of Toronto; the budget includes all revenues and expenses needed to provided services; an example of an operating cost would be the cost to run the TTC subways.

Operating Impact of Completed Capital Projects: The additional expense (or savings) and positions needed to operate or maintain a new asset; an example would be the additional expense and staff needed to operate a recently completed community centre.

Rate Supported Budget: Budget fully funded by user fees such as Solid Waste, Toronto Water and Toronto Parking Authority

State of Good Repair (SOGR): The cost of maintaining assets to ensure they can support the delivery of City services and meet service outcomes.

Tax Supported Budget: Budget funded by property taxes.

User Fees: Program generated fee and rental revenue for the use of its services (such as the TTC fare, ice rental fees and various City permits).