

Transit-Oriented Communities Status Update - Supplementary Report

Date: May 21, 2024

To: City Council

From: Interim Chief Planner and Executive Director, City Planning

Wards: All

SUMMARY

This Supplementary Report responds to Planning and Housing Committee's direction for City Planning staff to report directly to City Council on additional financial analysis, resources and staffing that may be required to advance City objectives related to the delivery of affordable housing on Transit Oriented Communities (TOC) sites.

With respect to affordable housing in TOCs, the Province's objectives for the TOC program remain unchanged. The primary objective of the program is to generate revenue to offset the capital cost of the Provincial transit projects. The Province has committed to investing up to 8% of the value of each TOC in community benefits, including affordable housing. While City Council has directed staff to pursue 20% of the TOC units as affordable housing, the Province's program objectives have not changed.

Staff recommend that a financial feasibility analysis be conducted to better understand the potential costs as well as opportunities and approaches the City could take to pursue up to 20% of the TOC units as affordable housing. This will support City staff in their advocacy for the inclusion of more affordable housing in TOC projects.

RECOMMENDATIONS

The Interim Chief Planner and Executive Director, City Planning recommends that:

1. City Council direct the Chief Planner and Executive Director, City Planning to undertake a feasibility analysis of affordable housing options in TOC proposals including existing and new incentives, assess what further investments may be required to achieve 20% of TOC units as affordable housing, and report the findings of the analysis to Planning and Housing Committee by December 2024.

FINANCIAL IMPACT

There are no financial impacts from this report. The costs of any consultant support for this analysis will be covered through the existing City Planning budget.

DECISION HISTORY

On May 9, 2024, Planning and Housing Committee adopted PH12.5 - Transit-Oriented Communities Status Update. The item was amended to direct City Planning to report on additional financial analysis, resources and staffing required to advance City objectives related to the delivery of affordable housing on Transit-Oriented Communities sites. <https://secure.toronto.ca/council/agenda-item.do?item=2024.PH12.5>

COMMENTS

TOC Program Objectives

Since its inception in early 2020, the Provincial Transit Oriented Communities (TOC) program has been advanced with the following objectives:

- Increase transit ridership and reduce traffic congestion
- Increase housing supply (including affordable housing) and jobs
- Stimulate the economy through major projects
- Bring retail and community amenities within a short distance of public transit stations
- Offset the cost of station construction

Through several TOC reports, City Council has directed City staff to work with the Province to achieve 20% of all TOC units as affordable housing. Increasing the supply of affordable housing across Toronto is a City Council priority. TOC projects have significant potential to achieve affordable housing outcomes.

The City's Housing Now program leverages underutilized City owned land to generate land value uplift through development and then invests the proceeds of this uplift to secure affordable housing in the resulting projects. The TOC program operates under a similar revenue model but is expected to use its revenues to offset the capital cost of the transit project in addition to any other investment it may make. This reduces the funds available to achieve other objectives such as providing affordable housing.

The Province has committed to making an allocation of up to 8% of the value of the TOC project to secure community benefits. These benefits include investing in community amenities, facilities and/or institutions and affordable housing. The value allocation operates similarly to the City's Community Benefits Charge. It is the Provincial commitment to affordable housing in the TOC program.

The foundational objectives of the TOC program have not changed over the four years of the program's existence. A change would require renegotiation of terms of the TOC

Memorandum of Understanding with the Province and a Provincial decision to modify TOC program objectives.

Affordable Housing Feasibility Analysis

Achieving more affordable housing in TOCs than contemplated by the Province would decrease the potential land value uplift the Province would have available to help fund the capital costs of transit. Consequently, reaching the 20% affordable housing target established by Council may require additional funding and/or other approaches to offset the impact of the increased affordable housing provision.

To understand the impact of pursuing up to 20% of the TOC units as affordable housing, staff recommend that financial feasibility be conducted associated with this affordable housing target. The feasibility analysis would consider among other items:

- How much affordable housing could be delivered using 8% of land value committed by the Province;
- How much affordable housing could be delivered using the City's Community Benefits Charge;
- How much the projected delivery of affordable housing could be increased through the use of available incentives, including the City providing property tax waivers, parkland cash-in-lieu reductions and planning fee waivers, and the use of Federal funding programs available through CMHC;
- The estimated cost to meet the 20% target established by Council after accounting for the Provincial land value commitment and available incentives; and
- Potential opportunities to offset costs, such as through additional planning permissions beyond those currently contemplated by the Province.

Because TOCs vary in terms of location and associated market conditions, the feasibility study conducted would consider a variety of emerging TOCs to understand how the cost and opportunity to secure affordable housing varies across a range of TOCs.

No additional staff resources are expected to be required to undertake a financial feasibility study related to achieving the City's affordable housing goals for TOCs. However, consulting services will be needed and existing staff resources will be assigned to work with the consultant, review study outputs and report to Council with recommendations.

Other Potential Actions

At some transit stations the Province may propose a TOC on land currently owned by the City. This would present an opportunity for a different approach to the development that could combine elements of the City's Housing Now program with the TOC program in some form of joint development. City staff would seek to achieve a balance of project objectives that delivers a better affordable housing outcome than what may be secured in a typical TOC. City staff and CreateTO have begun to explore the potential of this approach to improve affordable housing outcomes in some emerging TOCs.

TOC Resourcing

TOC proposals do not follow typical City planning approval processes, and Infrastructure Ontario does not pay application fees to the City. Infrastructure Ontario has agreed to fund City staff solely to cover the costs of their engagement in the review, engagement and reporting of these TOC projects. City staff time related to matters under negotiation with the Province on the TOC program will not be recoverable from Infrastructure Ontario. PH12.5 Transit Oriented Communities Status Update includes recommendations seeking authority to conclude negotiations on a resourcing agreement and provide for reimbursement by the Province of City staff time spent on TOC proposal review.

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SIGNATURE

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