

Advancing the Transformation of Toronto's Housing Delivery

Date: July 17, 2024

To: City Council

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

Wards: All

SUMMARY

The housing affordability crisis continues to impact residents across the housing continuum. While the City of Toronto has taken significant steps to address the crisis -- including making record financial investments, implementing a wide range of new policies, programs and initiatives, and improving its processes and administrative structure -- continued urgent action is needed.

In recognition of the need for heightened action to improve housing outcomes for residents, in September 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.

In November 2023, City Council approved [Item EX9.3 – "Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes"](#) which set a new housing target of 65,000 rent-controlled homes, including a minimum of 41,000 affordable rental homes and 6,500 rent-geared-to-income (RGI) homes, and 17,500 rent-controlled market homes to be approved by 2030. That report also identified a suite of City actions and initiatives required to meet this target and better address the housing needs of low, moderate- and middle-income households.

City Council also requested staff to report back with:

- an update on the delivery of housing projects on City-owned and City-supported (i.e. non-profit owned) sites, including the five 'Public Developer' sites;
- an update on the early due diligence work on the 40 potential housing sites referenced in Item EX9.3; and
- further actions to ensure functional, structural and governance alignment to facilitate the implementation of the City's housing plans and targets.

This report responds to Council's requests and provides an update on the City's efforts and actions to advance its ambitious plan to transform Toronto's housing system. In particular, the report includes information on progress made to-date to accelerate the delivery housing projects, including progress on the five Public Developer sites, some of which are expected to start construction by late 2024. The report also articulates the City's two main 'Public Developer' delivery models, being, 1) partnership with non-profit, Indigenous, co-op and private developers to develop sites, and 2) City as project manager working with consultant teams to deliver sites.

RECOMMENDATIONS

The City Manager and Deputy City Manager, Development and Growth recommend that:

1. City Council receive this report for information.

FINANCIAL IMPACT

There are no financial impacts associated with this report. The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on June 26 and 27, 2024, City Council adopted Item PH13.8 - Launching the Rental Housing Supply Program. This report transforms the Open Door program into the Rental Housing Supply Program in light of the updated HousingTO Plan targets, recent legislative changes, federal and provincial housing policy and funding changes; and the current macroeconomic context. The report also allocates capital funding to 18 affordable rental and RGI housing projects.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH13.8>

At its meeting on June 26 and 27, 2024, City Council adopted Item PH13.9 - Community Housing Sector Modernization and Growth Strategy. The new Strategy aims at protecting the city's existing Community Housing stock; creating net new Community Housing that will support the City in achieving its target of approving 65,000 rent-controlled homes by 2030; and improving access to housing opportunities for low-and-moderate income households, particularly Indigenous residents and those from equity-deserving groups.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.PH13.9>

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 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 to create a plan to achieve 25,000 new rent-controlled homes, in addition to the City's previous HousingTO 2020-2030 Action 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 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>

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.

COMMENTS

Toronto's Housing Context

Toronto's housing crisis is decades in the making, with limited public investments in affordable rental housing from the early 1990s until about 2017 when the federal National Housing Strategy was introduced. Despite significant recent investments in housing from all orders of government, the supply of affordable homes is largely inadequate to meet current and future demand, as highlighted below:

- The city's current rental vacancy rate for purpose-built rentals is below 1.5%. The vacancy rate in a well-functioning, 'healthy' housing system should be 3% or higher.
- About 48% of Toronto households (557,970 households) are renters, and 40% of renter households are living in unaffordable housing, compared to 26% of owners (based on 2021 Census data).
- Almost 80% of Toronto's purpose-built rental stock is privately owned, compared to 20% 'non-market' homes owned by TCHC and the non-profit and co-op sectors.

Increasing the supply of new homes across the full continuum is necessary to reduce pressure throughout the entire housing system, improve housing affordability and access particularly for lower and middle-income households, and to support growth.

In November 2023, through the Generational Transformation of Toronto's Housing System report (Item EX9.3), Toronto City Council approved new and aggressive affordable and market rent-controlled housing targets and housing system policy changes, committed to providing better customer service to our housing delivery partners, and made more public land available to increase the supply of housing.

The Public Developer Delivery Model

Increasing the supply of non-market homes (i.e., public, non-profit and co-op owned homes) is essential to improve housing affordability and stability for low-and-moderate income renters. To increase the supply of non-market homes, the City of Toronto is focused on advancing a Public Developer approach in the planning and delivery of housing on City-owned lands.

The Public Developer approach is premised on the City retaining its lands while taking a more direct and intentional approach to how such lands are utilized. The City will plan its sites to deliver a full range of housing opportunities to support achieving the 65,000 rent-controlled homes target plus other city-building priorities within complete communities. This includes establishing housing targets (both tenures and affordability levels) and working across divisions and agencies to finalize elements of sites to realize the development opportunity (e.g., hard infrastructure, etc.), expediting development reviews and approvals, and either directly or indirectly being involved in the construction process.

It is important for the City to strike a balance between roles, risks, and outcomes and this requires models that can be flexible and adaptable to site size and complexity and

conditions, proposed project parameters, and funding and partnership potential. The City therefore needs several approaches - there will be no “one size fits all”.

The benefits of this approach and shared learnings will also help better support non-profit, Indigenous and co-op partners to build more affordable housing more quickly on their own land.

The two main Public Developer delivery models the City is using are as follows:

1. Delivery Model #1 - Partnership with Non-Profit or Private Developer

In this model, the City secures a housing developer partner through a request for proposal (RFP) process with the requirement that they will:

- Enter into a long-term land lease with the City (i.e. City will retain either full or partial ownership of the land in cases);
- Secure funding and financing to deliver the project (note, in the case of TCHC revitalization projects, there will also be direct public capital investments);
- Design and oversee construction of the housing project; and
- Operate the homes created (note, in the case of TCHC revitalization projects, TCHC will operate their portion of project).

Examples of sites that may be ideal for this model include the Parkdale Hub and 150 Queens Wharf Road.

2. Delivery Model #2 – City as Project Manager

In this model, the City is the direct Project Manager for the housing development and:

- Retains full ownership of the land;
- Invests equity into the project. Note in some cases, the City will fully fund the project, and in other cases, the City will partially fund the project and enter into an agreement with a non-profit, co-op, Indigenous housing provider partner who will also contribute funding and/or financing;
- Procures separate consultant and construction teams (or a combined design-builder) to undertake the design process and construction process. The Consultant Team will create and maintain the project schedule, budget, and performs quality control and oversight of construction process.
- Leads the development application/entitlements process; and
- Provides oversight of the consultant team and overall project budgets, including issuing payment.

Examples of sites that may be ideal for this model include 11 Brock, 35 Bellevue, 1113-1117 Dundas.

Progress on the Five Public Developer Sites

In Item EX9.3, City Council directed staff to advance a City-led development model for five ‘housing ready’ sites, located at 405 Sherbourne Street, 150 Queens Wharf Road,

1113-1117 Dundas Street West, 11 Brock Avenue and 35 Bellevue Avenue, whereby the City would lead all aspects of the delivery of these sites under a ‘public developer model’ including undertaking all due diligence, and to report back by the third quarter of 2024 with a status update identifying any tools and new approaches needed to expand this model to additional sites. Table 1 provides an overview of the key project details and milestones.

Table 1: Summary of Key Project Details and Milestones

Address	Estimated Number of Rental Units	Project Milestones
11 Brock Ave.	44 All supportive and RGI	Construction Start: Q4 2024 Occupancy: Q4 2025
35 Bellevue Ave.	78 All supportive and RGI	Construction Start: Q1 2025 Occupancy: Q4 2025
405 Sherbourne St.	266 89 affordable rental 176 rent-controlled	Construction Start: 2025 Occupancy: 2027
1113-1117 Dundas St. W.	100 30 affordable rental 70 rent-controlled	Construction Start: 2025 Occupancy: 2026
150 Queens Wharf Rd.	282 94 affordable rental 188 rent-controlled	Construction Start: 2025 Occupancy: 2027

- **11 Brock Ave.** - The housing provider for this site was chosen in May 2024. It will be a building with 44 affordable rental homes with supports. It will be mass timber construction with Govan Brown as the design builder. Planning approvals through a minor variance are targeted for the last quarter of 2024. Construction start is anticipated for the fourth quarter of 2024.
- **35 Bellevue Ave.** - The housing provider for this site was chosen in May 2024. It will be a building of 78 affordable rental homes with supports. The building will be mass timber construction with the Gillam Group and Element5 and Montgomery Sisam Architects as the Design-Builder. Planning approvals are anticipated in the last quarter of 2024, with construction expected to start in the first quarter of 2025 and occupancy in the last quarter of 2025. The staff team are looking for ways to further expedite and bring construction start into 2024.
- **405 Sherbourne St.** - Advancing this project is a component of the City’s emerging Downtown East Housing Strategy, to ensure there is sufficient mixed income housing options including affordable and supportive homes. There are 266 affordable

rental homes including 89 affordable rental homes and 176 market rent-controlled homes. The rezoning is complete and several procurement options are being considered in order to further expedite delivery. Construction is expected to start in 2025 with occupancy anticipated in 2027.

- **1113-1117 Dundas St W.** - The goal for this site is to deliver a mass timber construction site with 100 rent-controlled homes (30 affordable rental homes and 70 market rent-controlled homes). The zoning amendments for the project are advancing to Committee and Council in July 2024 (Item [TE15.3](#)). The housing provider and construction partner will be selected later in 2024, with construction start anticipated in 2025 and occupancy in 2026.
- **150 Queens Wharf Rd.** - The housing provider and construction partner will be selected later in 2024, to deliver 282 rent-controlled homes (94 affordable rental homes, 188 rent-controlled homes). A proposal for the site is under development and infrastructure upgrades are required and being co-ordinated prior to start of construction, which is anticipated in 2025, with occupancy in 2027.

Advancing City-led and City-supported 'Housing Ready' sites

a) City-led and City-supported housing sites Progress Update

The Housing Secretariat and other members of the Interim Housing Delivery Core Team (referenced in EX9.3), in collaboration with non-profit, co-op, Indigenous and private sector partners have accelerated the delivery of key City-led and City-supported projects. There are currently 30 projects, with a total of 3,250 units (2,743 affordable, 507 rent-controlled) under construction, with an additional 10 projects (1,016 affordable and 583 rent-controlled units) to start construction in the rest of 2024.

The Housing Secretariat, working in collaboration with a number of City divisions and housing sector partners has also been actively developing new tools and programs to advance City-led housing sites (those on lands owned by the City) and City-supported housing sites (those on lands owned by Indigenous housing providers and non-profit organizations). The proposed changes and new tools are included in two staff reports that were approved by City Council at its meeting on June 26 and 27, 2024.

- [Item PH13.8 – "Launching the Rental Housing Supply Program"](#) – City Council approved transforming the Open-Door program into a Rental Housing Supply Incentive program. The report also proposed allocating capital funding to a range of affordable rental housing projects aimed at accelerating delivery of net new permitted homes; and advancing the development of a sustainable and revolving Affordable Housing Fund to support a range of City-supported and City-led affordable rental housing projects.
- [Item PH13.9 – "Community Housing Sector Modernization and Growth Strategy"](#) – City Council approved a new Community Housing Sector Modernization and Growth Strategy that will, among other objectives, encourage development and intensification opportunities in support of the City's target of approving 65,000 rent-

controlled homes by 2030. In addition, the report recommended changes to the Multi-Unit Residential Acquisition Program (MURA) that would enable Community Housing Providers to use MURA funding to acquire a wider range of housing types.

b) TCHC Housing Ready Sites Progress Update

TCHC continues to work with City staff to advance the active revitalization phases and buildings that were included in the "housing ready" list in Item EX9.3 and are detailed in Table 2 below.

Table 2: Housing Ready Projected Units on TCHC lands

#	Project	RGI Replacement	New Affordable Homes	Total
1	Regent Park Phase 4 (1a)	137	137	274
2	Firgrove	236	107	343
3	Alexandra Park Phase 2b	95	TBD	95
4	Alexandra Park Phase 2c	121	TBD	121
5a	Regent Park Phase 5c, 5d	333	10	343
5b	Regent Park Phase 5g, 5h	163	490	653
6a	Lawrence Heights Phase 2	347	30	377
6b	Lawrence Heights Phase 3	289	100	389
	TOTAL	1,721	874	2,595

TCHC staff are continuing to work with the City to identify ways to accelerate the implementation of the above existing revitalization projects and identify opportunities for net new public housing units. Notable 2024 targeted milestones are identified below:

- Regent Park Phase 4 (High Priority) – TCHC is working on planning and funding approvals for the first TCHC building in Phase 4 (1a) in collaboration with City Staff and is advancing the subdivision planning process. The Site Plan Application is expected to be submitted in the summer of 2024, and approvals are anticipated in time for construction to start in late 2024/early 2025.
- Firgrove (Rezoned) – TCHC is working closely with the Housing Secretariat to plan the next steps to initiate development on the first TCHC housing block with the release of Requests for Proposals to secure design consultants and to determine an approach for the delivery of the non-TCHC housing blocks with the release of a Request for Expressions of Interest for partner interest (summer 2024). This will inform the delivery model and ultimate mix of housing types on the site.

- Alexandra Park 2b (Rezoned) – TCHC is undertaking a high-level strategic analysis of Phases 2B – 2D and conceptual feasibility studies to identify opportunities for new affordable housing in response to the City's Urgently Building More Homes mandate.
- Lawrence Heights Phase 2 (Initial Approvals) – Following the Initial Development Proposal approval, the Phase 2 area has been designated by the City as a Protected Major Transit Station Area with corresponding minimum densities that now exceed the densities contemplated in the existing Initial Development Plan approvals. TCHC and the City are working to determine how that additional density is to be allocated from an affordability, ownership, and configuration perspective.

Potential Housing Sites - Prioritization

The Interim Housing Delivery Core Team ("Core Team"), which was established following Council's adoption of Item EX9.3, has updated and prioritized the list of potential housing sites that were included in the Confidential Attachment to Item EX9.3.

Since fall 2023, the members of the Core Team have continued to review the potential housing sites to establish a steady stream of future development sites that can be brought to Council and activated as resources and funding become available. Due diligence activities and feasibility will be conducted on these sites to confirm suitability and feasibility, including servicing capacity. Sites will be prioritized for due diligence on a rolling basis. The Core Team assessed the potential housing sites based on several criteria, including:

- Size of site;
- Initial development potential;
- Completed / in progress assessment (land use, environmental, servicing);
- Current site constraints;
- Resources required to expedite further due diligence; and
- Estimated time required to start construction and to occupancy.

These prioritized sites have been identified by staff as having potentially being suitable to deliver a range of homes, including rent-controlled RGI, affordable and market rental homes. However, further due diligence is required to confirm suitability and feasibility, including serving capacity. Depending on the outcome of due diligence and public consultation, some of these sites could be fast tracked opportunities. Staff will continue to report to City Council on the progress and outcomes of the due diligence activities to stage gate these sites through their development cycle.

a) Housing Sites on TCHC Lands

TCHC continues to advance early due diligence investigations for new potential housing sites in response to the Urgently building More Homes mandate. A prioritized list of infill and redevelopment sites have been identified which show an initial capacity to add net new housing.

Following the next stage of the due diligence, sites that continue to meet the objectives of the City's Housing mandate and align with TCHC's development approach will be brought forward into the Initial Development Plan ("IDP") Process, as set out in Item PH7.4 approved by City Council in 2019. Staff, based on the outcomes of the next stage of due diligence for the shortlisted potential sites, will draft a consolidated IDP report for the most advanced sites that meet the City's and TCHC's criteria. A single report with multiple potential sites will allow for a more streamlined approach to discuss the various housing typologies, ownership models, and funding requirements being undertaken and proposed by TCHC in response to the City's Urgently Building More Homes mandate and reduce the upfront initial approvals process for each site individually. The IDP will provide an overview of the potential densities, unit mixes, tenures, financing and net costs for the development and request approval and an allocation of funds to proceed with future planning approvals.

b) Housing Sites on City Lands (led by CreateTO)

CreateTO reviews the City-Wide real estate portfolio to identify underutilized assets and opportunities to optimize public land holdings (e.g. housing development, intensification, infill) on an ongoing basis. Based on their internal assessment, which includes a data gathering exercise to understand the site context (opportunities and constraints), and potential unit yield, they identified City sites that have potential to become housing sites, pending further due diligence. The list of potential housing sites is updated and reviewed regularly based on CreateTO's understanding of the City's overall real estate needs and market potential.

In support of the City's housing priority, CreateTO has identified sites based on their initial internal assessment that should be prioritized for due diligence as they are no longer required for any divisions, agencies, and corporations (DACs) operational needs. Early due diligence demonstrates the ability to deliver a range of housing typologies and densities across these properties. Furthermore, the sites are not constrained by any buildings or DAC operations that would require a relocation.

The renewed collaborative approach, under the leadership of Development and Growth Services has resulted in significant progress to get sites 'shovel ready' and moving to construction as noted above. Staff have continued to work on the alignment of resources, expertise and capacity-building across City divisions, agencies and corporations involved in the delivery of the City's 65,000 rent-controlled homes target.

Tracking Progress Toward Housing Targets

The Development and Growth Services (DGS) Business Solutions Working Group was established in January 2024 to deliver on Council's direction to better track how the City is progressing towards meeting its 285,000 housing and 65,000 rent-controlled housing targets including their status (planning, construction, built), while also establishing a longer-term framework for DGS data collection and reporting. The Working Group is comprised of members from Toronto Building, City Planning, Development Review, the Housing Secretariat, Technology Services and the Office of the Deputy City Manager, Development and Growth Services.

The immediate focus of the Working Group was developing an interim public dashboard tracking progress towards meeting the housing targets, while working in parallel to scope requirements for a future-state dashboard and identify key performance indicators.

The Working Group is already working on the next phase of the DGS dashboard. Current data collection processes are manual and prevent data from being consistently available and/or predictable in the way it is reported. Most data is only reported quarterly as a result. Data process enhancements are underway across the three divisions (City Planning, Toronto Building, and the Housing Secretariat) to enable more frequent reporting and to support a consolidated view to track new homes from intake to occupancy across divisions, as well as track key development performance metrics. Phase 2 of the DGS consolidated housing dashboard will be launched later this year.

The annual report on Housing TO and Housing Action Plans will be presented to Planning and Housing Committee and City Council in Q3 2024. It will include an update on cost estimates, required investments and financial commitments made to date from the City.

CONTACT

Shalin Yeboah, Director, Strategic Policy & Programs, Office of the Deputy City Manager, Development & Growth Services, 647-462-4834, Shalin.Yeboah@Toronto.ca

SIGNATURE

Jag Sharma
Deputy City Manager, Development and Growth Services

Paul Johnson
City Manager