

Strengthening the City of Toronto's Housing Development Capacity to Deliver Housing Faster

Date: December 6, 2024
To: Executive Committee
From: City Manager
Wards: All

SUMMARY

Toronto continues to face an unprecedented housing affordability crisis across the housing continuum, with a lack of deeply affordable and supportive homes for those with low-incomes, and high rents affecting middle-income earners who aspire to live and work in the city.

In Fall 2023, City Council adopted two key reports related to housing delivery:

- [Item EX9.3](#), which set the stage for the generational change to transform and strengthen Toronto's housing system and expedite delivery of the HousingTO and Housing Action Plan targets.
- [Item EX10.2](#), which aligned the mandates of CreateTO and Toronto Community Housing (TCHC) and directed these organizations 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.

This report outlines additional steps to advance the City's role as a Public Developer and supporter of partner projects, by bringing a singular focus to City-led and supported housing development, and strengthening coordination between the City, CreateTO and TCHC to achieve the City's affordable rental housing goals. Specifically, the City will increase its capacity to lead housing development, by establishing a Housing Development Office, reporting to the Deputy City Manager, Development and Growth Services, that will focus exclusively on advancing and accelerating the delivery of housing on City-led and City-supported sites. The City targets having a leader in place to lead the Office by Q2 2025, following a formal, competitive recruitment process.

Through this new Office, the City will either lead projects directly or leverage TCHC and CreateTO on a project-by-project basis, based on each organization's unique expertise and best practices. Staff are recommending updated direction to both organizations, followed by a negotiated Master Service Agreement with the City for each respectively.

While work is underway to establish the new Housing Development Office, it is critical that housing projects continue to move forward under the current project leadership structure to ensure no delay in the delivery of housing.

RECOMMENDATIONS

The City Manager recommends that:

1. City Council, as the sole Shareholder, request the Board of Directors of Toronto Community Housing Corporation to direct the Chief Executive Officer, Toronto Community Housing Corporation, to work with the Deputy City Manager, Development and Growth Services to advance housing development projects under the City's Public Developer Model, including providing development and construction management services and acting as a development partner and housing provider for projects on City lands, as well as continuing to undertake the development and redevelopment of their own lands in alignment with the City's housing priorities and housing targets as set in the HousingTO 2020-2030 Action Plan and revised in Item EX9.3 adopted by City Council in November 2023.
2. City Council direct the Deputy City Manager, Development and Growth Services to negotiate and execute a Master Service Agreement between the City of Toronto and Toronto Community Housing Corporation to support Recommendation 1, on terms and conditions satisfactory to the Deputy City Manager, Development and Growth Services, and in a form approved by the City Solicitor.
3. City Council request the Board of Directors of CreateTO to direct the Chief Executive Officer, CreateTO to continue to bring forward potential housing sites and opportunities to the City of Toronto, for consideration and decision, and advance work on housing opportunities at the direction of the City.
4. City Council direct the Deputy City Manager, Development and Growth Services and Deputy City Manager, Corporate Services to negotiate and execute a Master Service Agreement between the City of Toronto and CreateTO to support Recommendation 3, on terms and conditions satisfactory to the Deputy City Manager, Development and Growth Services and Deputy City Manager, Corporate Services, and in a form approved by the City Solicitor.

FINANCIAL IMPACT

There are no operating funding impacts arising from this report at this time. Initial funding for a new leadership position to lead the new Housing Development Office in Development and Growth Services will be drawn from within existing allocations.

Staff will report back through future budget processes should new or reallocated resources be required to support the new Office, or its work with TCHC and CreateTO as the City's housing development partners.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact statement.

DECISION HISTORY

At its meeting on July 24, 2024, City Council adopted Item CC20.10 - Advancing the Transformation of Toronto's Housing Delivery. The 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.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.CC20.10>

At its meeting on December 13, 2023, City Council adopted Item EX10.2 - Advancing Generational Transformation of Toronto's Housing System - Aligning Housing Mandates and Strategic Efforts. The report outlines a number of recommendations to ensure a more consistent and strategic approach in how the City, CreateTO and Toronto Community Housing Corporation plan and deliver housing services.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX10.2>

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>

COMMENTS

Following Council approval of the City's ambitious increased affordable rental housing targets and the generational transformation of Toronto's housing system in Fall 2023, several changes have been implemented to facilitate increased collaboration between the City, CreateTO and TCHC, who share responsibility for the delivery of housing on City-owned and City-supported sites. Staff have leveraged the expertise across teams, supported better workflow and project management, and strengthened city-wide accountability on housing delivery through strong senior-level oversight.

While staff across all three organizations have made significant progress and continue to advance this 'once in a generation' mandate, additional changes are needed to optimize expertise and resources across teams, strengthen coordination, streamline processes and systems and most effectively advance a City-led approach to delivering and expediting housing projects.

Housing Delivery Overseen by Development and Growth Services

The City will strengthen its role as a Public Developer by expanding its capacity to oversee the delivery of housing in Development and Growth Services. See Figure 1 for an organizational chart reflecting this expanded capacity, with details outlined below.



Figure 1: Development and Growth Services Organizational Chart

New Housing Development Office

The City will establish a new Housing Development Office to lead housing development, reporting to the Deputy City Manager, Development and Growth Services. The Office will bring a singular focus to City-led and supported housing development. The Office will oversee the consolidated list of all housing development projects, the consolidated housing capital plan and budget, including investments in City-led projects, including through TCHC and CreateTO, and City-supported projects, and will ensure the City and City Council continue to have full visibility on all projects and investments across the entire affordable housing portfolio.

More specifically, this new Office will:

- Ensure coordination of the development of all City-led housing sites (sites owned and/or overseen by the City, as well as its agencies, and corporations) and City-supported housing sites (sites owned by Indigenous, non-profit, and co-operative housing organizations);
- Focus on monitoring activities at each stage gate and 'unsticking' projects by working with other divisions in Development and Growth Services to resolve issues and hurdles that prevent projects from advancing through development and permitting approvals quickly;
- Conduct an ongoing review of the City-led and supported housing project pipeline to strategically sequence projects and harvest new or emerging housing opportunities;
- Establish and maintain a consistent delivery framework, including common methodologies for financial modelling, site due diligence and investment approvals;

- Ensure more seamless transitions between the City and its housing delivery partners, for example, where a City partner may lead the early phases of a project and then transfer responsibility to the City or another partner when the site is ready to be taken to market;
- Implement new tools to enable improved transparency and reporting of progress across all City Divisions, Agencies and Corporations involved in the delivery of housing;
- Identify the appropriate delivery models for City-owned sites - whether that be City-led, or led by one of the City's delivery partners, CreateTO or TCHC; and
- Take on additional functions and contracting arrangements to enable faster affordable housing delivery.

The Deputy City Manager, Development and Growth Services will work with the City's Chief People Officer to establish this new position and determine an appropriate complement with the right mix of skills and experience to lead and drive City housing projects. The City targets having a leader in place to lead the Office by Q2 2025, following a formal, competitive recruitment process.

Housing Secretariat

The creation of a new Housing Development Office will enable the Housing Secretariat to focus on:

- Housing system policy and strategy;
- Intergovernmental relations and advocacy;
- Preserving the City's existing social affordable and market rental housing stock;
- Improving housing stability for marginalized Torontonians;
- Supporting renters; and
- Helping residents access and maintain safe, adequate and affordable housing.

The Secretariat will also maintain its key role as the City of Toronto's Housing Service Manager.

Housing Delivery Partners

Through this new Office, the City will either lead projects directly or leverage TCHC and CreateTO on a project-by-project basis, based on each organization's unique expertise, and best practices.

Toronto Community Housing Corporation

TCHC has over two decades of experience with development and redevelopment of TCHC's communities. TCHC has a recognized development model for their communities that includes pre-development activities, construction management and community engagement, as well as delivering on its important role as a housing provider, which includes managing tenant displacement, arranging temporary housing for tenants, and ensuring tenants' right to return.

TCHC will continue to lead the development and redevelopment of its own sites, and the City will leverage TCHC as a housing delivery partner and expand its role to include the delivery of housing projects on City land, either developed on its own or where the City is partnering with a not-for-profit or other community partner to deliver housing. TCHC will continue to engage in activities related to the development and redevelopment of its own lands as a priority, and the City will work with TCHC to ensure this new stream of work does not negatively impact existing ongoing revitalization projects or delay due diligence work on upcoming revitalization projects in the pipeline.

The City's collaboration with TCHC on City lands could take several forms, depending on the project parameters, including:

- Providing Development and/or Construction Management Services
- Acting as a Development Partner
- Acting as a Development Partner and Operator

In order to facilitate this expanded mandate, the City and TCHC must enter into a Master Service Agreement outlining the major terms and conditions under which TCHC will serve as a development partner to the City, including ensuring the work is appropriately resourced.

CreateTO

CreateTO works with the City's Divisions, Agencies and Corporations to lead city-wide needs analysis and opportunities identification within the City's real estate portfolio. CreateTO's key mandate is to provide the needed real estate solutions to enable City programs to provide their services to the public. This work includes identifying sites suitable for housing and other city services, and creating mixed-use development opportunities that achieve multiple city building objectives.

CreateTO works with City partners to advance the delivery of the HousingTO Action Plan through the development of City-owned land, prioritizing affordable housing. With its real estate expertise, CreateTO advises the City and at the City's direction, leads housing projects through the various stages of development including portfolio analysis, site investigation, analysis of needs from Divisions, Agencies and Corporations, concept development, planning approvals, public meetings, environmental due diligence and de-risking of sites, market offerings, negotiations and deal structuring to create partnerships with the private, public and non-profit sectors.

Once the Housing Development Office is established, the Office will work with CreateTO to outline housing projects CreateTO will lead or support, leveraging CreateTO's particular expertise leading complex projects working with the private development sector. More specifically, CreateTO may be leveraged by the new Housing Development Office to:

- Lead due diligence and planning entitlements for sites in the City's real estate portfolio, to maximize density and drive greater city building benefit;
- De-risk sites to proactively address any major issues impacting a potential development

- Lead complex financial / development pro forma analysis and economic modeling to understand value and how to maximize city building benefit and financial returns to the City from housing deals;
- Provide negotiation advice and lead complex housing development transactions and agreement on key business terms; and
- Prepare projects for a competitive market process and enable procurement solutions to help expedite housing developments.

CreateTO will also maintain its responsibility for two corporations:

- Build Toronto, which enables the City to enter into complex and beneficial business transactions with third-parties that support city objectives (e.g., Enwave district energy investment in city-owned sites); and
- Toronto Port Lands Company, for which CreateTO actively manages a commercial and industrial lease portfolio comprising with over 80 tenancies in the Port Lands, and advancing precinct-level master planning, capital projects and development plans, with a particular focus on major employment uses such the film and media sector, that support the ongoing revitalization of the Port Lands.

Finally, at the request of the City, CreateTO will continue to lead other projects, such as complex infrastructure projects (e.g., Electric Ferries Shoreside Infrastructure) and complex real estate transactions that enable broader city building or economic development (e.g., Basin Media Studios, in Toronto's Port Lands).

Staff recommend the City and CreateTO enter into a Master Service Agreement outlining the major terms and conditions under which CreateTO will serve as a development partner to the City.

Next Steps

The City Manager will oversee the following activities, in consultation with the Chief People Officer, the Deputy City Manager, Development and Growth Services, the Deputy City Manager, Corporate Services, and the Chief Executive Officers of CreateTO and TCHC, as required:

- Recruitment of a leader to lead housing development at the City by Q2 2025;
- Review of the City's housing development pipeline and current responsibilities for delivery across the City, CreateTO and TCHC to ensure the City is leveraging the right expertise for each project;
- Development of a plan to appropriately resource the new Office, following a review of the City's current project pipeline; and
- Negotiation of a Master Service Agreement between the City and TCHC and between the City and CreateTO.

While work is underway to establish the new Housing Development Office, it is critical that housing projects continue to move forward under the current project leadership structure to ensure no delay in the delivery of housing.

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SIGNATURE

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