

Housing Now Progress Update

Date: February 2, 2024

To: Board of Directors, CreateTO

From: Chief Executive Officer

Wards: All

SUMMARY

The Housing Now program leverages City-owned land for the purpose of creating new mixed-use, mixed-income communities near transit. Housing Now is part of the City's HousingTO 2020-2030 Action Plan, Toronto's overall strategy to address a range of housing needs. The Housing Now sites have also been incorporated into the City's new housing plan, "[EX9.3](#) - *Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes*" and this progress update addresses how the program will incorporate the recommendations and desired outcomes of the City's accelerated housing plan (i.e., target of 65,000 rent controlled homes).

Since Housing Now was launched in January 2019, the City approved 22 sites across Toronto. These sites are estimated to produce over 16,000 new homes with approximately one-third being affordable rental units. Housing Now currently has development approvals for 10 of these sites. For example, in August 2023, a ground-breaking announcement was held for the first project to reach the construction phase at 5207 Dundas Street West in the Etobicoke Civic Centre precinct. A further five sites are part of the Housing Now pipeline for preliminary due diligence.

This report provides the CreateTO Board of Directors with a broad status update of the Housing Now program, including:

- Priority Housing Now Sites (3 sites)
- Housing Now Sites with Secured Proponents (3 sites)
- Housing Now Sites tracking to Market Calls/Securing a Proponent (2 sites)
- Housing Now sites tracking to final zoning (2 sites)
- Update: The City's Generational Transformation of Toronto's Housing System
- Update: Federal Housing Accelerator Fund
- Update: Portfolio Wide Risk Factors

RECOMMENDATIONS

The Chief Executive Officer recommends that the Board of Directors of CreateTO receive this report for information.

FINANCIAL IMPACT

There is no additional financial impact to CreateTO arising from the recommendations in this report. Resources required to support this initiative are being allocated from the current staffing complement and are part of the approved operating budget.

Due diligence, marketing and human resource costs are being recovered by CreateTO from the Housing Secretariat in line with current City-approved budgets.

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is also centred on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive and sustainable communities.

The Housing Now program is a key part of the HousingTO 2020-2030 Action Plan aimed at creating new affordable rental housing within mixed-income, transit rich, inclusive and complete communities. Creating new affordable housing through the Housing Now program will increase the opportunity for structurally vulnerable and marginalized individuals, including Indigenous Peoples, Black people, people of colour, seniors, women, and members of the LGBTQ2S+ community to access safe, healthy and adequate homes. More housing opportunities for essential workers and families will also be created through the Housing Now program.

Safe, secure, affordable housing is an important social determinant of health. It improves the social and economic status of individuals, families and communities. 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.

DECISION HISTORY

On December 13, 2018, City Council adopted the Housing Now program by approving the activation of 11 sites for the development of affordable housing as part of creating

mixed-income, mixed-use and transit-oriented communities.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.3>

On January 30, 2019, Council approved an action plan, resources and program requirements for the Housing Now program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX1.1>

On July 9, 2019, the CreateTO Board directed the Chief Executive Officer, CreateTO to include the following as part of the Housing Now business case:

- a. a summary of the results of the community consultation, with local councillor input;
- b. the planning context;
- c. context on City Building initiatives;
- d. a breakdown of levels of affordability and proposed terms of the transaction; and
- e. how the business case addresses maximum attainability of affordable units.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.RA7.4>

On May 28, 2020, Council approved the creation of new affordable housing opportunities through Phase Two of the Housing Now Initiative.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC21.3>

On June 29, 2020, Council received the Housing Now Initiative - Annual Progress Report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH14.3>

On February 2, 2021, Council adopted the Community Benefits Frameworks applicable to Housing Now.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.EX20.7>

On July 14, 2021, City Council requested CreateTO to require the application of the Toronto Green Standard Version 4, Tier 2 for all development agreements, including the Housing Now Initiative.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH25.17>

On Oct 28, 2021, Planning and Housing Committee received the Housing Now Initiative - Annual Progress Report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH28.2>

On September 13, 2021, the CreateTO Board of Directors received a broad update on the financial status of the Housing Now portfolio.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA24.8>

On Nov 12, 2021, Council approved the creation of new affordable housing opportunities through Phase Three of the Housing Now Initiative and received the Housing Now Annual Update

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH28.2>

On July 19, 2022, City Council approved the provision of delegated authorities to the Deputy City Manager, Corporate Services to advance all housing programs, projects and initiatives including Housing Now during the Council election recess.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.PH35.21>

On December 14, 2022, City Council directed the City Manager to develop a Housing Action Plan for the 2022-2026 term of Council. The Plan includes a range of actions to increase the supply of housing, including reviewing delivery targets for Housing Now sites.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.CC2.1>

On May 10, 2023, City Council endorsed a comprehensive update to the Housing Now Initiative. This includes renegotiated business terms for three priority sites where construction is slated to advance in 2023. Additional program flexibilities have also been introduced to help unstick Housing Now projects that can be quickly activated.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH3.6>

COMMENTS

Priority Housing Now Sites

50 Wilson Heights Boulevard

The 50 Wilson Heights Boulevard site will lead to the delivery of 1,484 new residential homes, including 520 affordable rental homes, 520 market rental homes, and 444 market condominium homes. The project includes a new childcare centre, commercial space, a park and a community space for non-profit organizations. The Proponent team has issued a tender package for site servicing works which closed on January 19, 2024. The Proponent team has also diligently advanced a Release for Construction of Services application to enable mobilization and construction launch of Phase 1 of the project by Spring 2024. Management continues to work closely with the Proponents and the external financing partners at CMHC to expedite financing of this priority project.

Bloor-Kipling Block 1 (5207 Dundas Street West)

The 5207 Dundas Street West site will lead to the delivery of 725 new residential homes, including 218 affordable rental homes. The Proponent team has finalized their loan agreement with the external financing partners at CMHC. The Proponent team has mobilized and prepped the shoring platform for construction which commenced on February 1, 2024.

140 Merton Street

The site at 140 Merton Street will be the first non-profit led development of a Housing Now site led by an Indigenous organization and will be dedicated to providing housing options for Indigenous elders and other seniors. The proponent team, led by Missanabie Cree First Nation and EllisDon Community Builders, secured updated zoning at City Council on November 8, 2023. The revised zoning adds 11-storeys and will deliver 294

total rental homes. The Proponents have advanced a formal site plan pre-application meeting with the Priority Development Review team, and are targeting a formal site plan application by late February or early March 2024. Construction launch is targeted for September 2024.

Housing Now Sites with Secured Proponents

777 Victoria Park Avenue & 705 Warden Avenue

Negotiations with the selected proponents at 777 Victoria Park Avenue and 705 Warden Avenue are ongoing, including weekly meetings to proactively advance issues. In light of expected flexibility with CMHC and Federal Government changes regarding HST, CreateTO staff are working to bring these agreements to a close. This includes consideration of the business terms agreed to at the time of bid submission, as well as new conditional tools and flexibilities that were introduced to the Housing Now program through the 2023 Annual Update Report. These negotiations are grounded in fairness principles as informed through a third-party monitor retained at the time of market offering. The 777 Victoria Park Avenue site is targeted to deliver 589 total homes, including 254 affordable rental units. The 705 Warden Avenue site is targeted to deliver 600 total homes, including 250 affordable rental units.

2444 Eglinton Avenue East

On January 9, 2024, the City and CreateTO announced Civic Developments, Windmill Developments and Co-Operative Housing Federation of Toronto as the development partners for 2444 Eglinton Avenue East. This is the first site within the Housing Now program to advance with a developer-led rezoning as per Board direction. It is also the first to consider co-operative rental housing tenure, and is proposed to be one of the largest co-operative housing developments the province has ever seen. The Proponent team presented its initial development concept to the Design Review Panel on January 17, 2024, and advancing through the pre-application consultation process with the Priority Development Review team. Formal zoning submission is targeted for the third week of February. The project is targeted to deliver approximately 918 total homes, including 306 affordable rental cooperative units. Project risks include rapidly escalating costs within an already constrained proforma.

This site was identified as a pilot to assess if this approach (i.e., developer-led rezoning) shortens the overall timelines (including securing in-force zoning for the site) for the ultimate delivery of constructed and occupied affordable housing units. This pilot will assess regulatory risks, financing, financial savings, and quality and report back to the Board with the results of that assessment.

Housing Now Sites tracking to Market Calls/Securing a Proponent

Parkdale Hub

The final zoning report for the Housing Now proposal known as Parkdale Hub was adopted by City Council at its November 8, 2023 meeting. The proposal seeks to deliver 231 total units of rental housing, together with a library and community space. The initial

proposal was amended to include five additional residential storeys and 60 homes in the project's west block. The proposal embodies the 'complete communities' mandate of the Housing Now program, with a design that was informed through extensive community engagement. The development of the west block (the first of three development phases of the project) has been earmarked for delivery through a future Request for Proposal (RFP) to the non-profit sector. A market sounding was undertaken in Q4 2023 with not-for-profit organizations with an RFP targeted for release in Q1/Q2 2024.

Block R6, Bayside

Term Sheet negotiations with Hines Canada are advancing for the Housing Now project located at 263 Queens Quay East (also known as Block R6, Bayside). These negotiations are advancing through weekly meetings, with consideration for existing development rights granted to Hines through the master Bayside Project Agreement, as well as program requirements of the Housing Now program. The preliminary and internal housing targets for this project consider a minimum of 325 total rental homes, including 199 affordable units.

Housing Now Sites Tracking to Final Zoning

In May 2023, City Council endorsed a comprehensive update to the Housing Now program that included recommendations to help 'unstick' projects that can be quickly activated. To advance these projects, more strategic site by site considerations have been recommended, including greater flexibility in tenure, suite mix and suite types in Toronto's most challenging housing markets. Financial grants/contributions have also been endorsed by Council, subject to provincial reimbursement of Housing Services revenue losses from changes to the *Development Charges Act*, brought forward by the provincial government through Bill 23, the *More Homes Built Faster Act*.

To that end, project partners are working to finalize zoning approvals for projects that are substantially advanced through the planning entitlements process, including:

Bloor-Islington

Hydro One's technical review process associated with the acquisition/easement over a portion of the Hydro Corridor for a new public road has concluded, with an Agreement of Purchase & Sale under negotiation. A final report to consider the Draft Plan of Subdivision and Zoning approvals for the project is scheduled for the April 5, 2024 meeting of the Planning & Housing Committee. This project is targeted to deliver approximately 1,453 total homes, including 494 affordable rental units;

1631 Queen Street East

Discussions regarding a strategy for the existing on-site childcare have advanced significantly in coordination with the local councillor and Children's Services. City Planning, Engineering Construction Services and the retained consulting team continue to investigate options to satisfy servicing infrastructure requirements. This project is

currently targeted to deliver 279 total homes, including 93 affordable rental units, with final zoning submission targeted for Q2 2024.

Update: The City's Generational Transformation of Toronto's Housing System

CreateTO has been actively working alongside senior City leadership including the Deputy City Manager, Development and Growth Services, the Housing Secretariat, TCHC and the Deputy City Manager, Corporate Services, to coordinate on the directed actions from [2023.EX9.3](#) (Generational Transformation of Toronto's Housing System) which identifies new housing targets and approaches, and associated considerations for the Housing Now program. The City's transformational housing report signals an "all hands-on deck approach" to ensuring that all city divisions, agencies and corporations, are aligned and coordinated to accelerate the delivery of affordable housing.

The report highlights and aims to establish streamlined and improved processes, clarity of roles and responsibilities of city entities involved in housing planning and delivery in order to achieve the City's updated HousingTO 2020-2030 Action Plan (HousingTO Plan) target of 65,000 rent-controlled homes, including 6,500 RGI, 41,000 affordable rental and 17,500 rent-controlled market units. Several significant policy changes are proposed through this report, including a harmonization of all housing programs to reflect the City's income-based definition of affordable housing, as defined in City of Toronto By-law 944-2021. This proposed policy change is under evaluation to determine its impact on the cost of the affordable housing within the Housing Now program as currently structured.

In addition, the Housing Report introduces a new development approach. The report directs Deputy City Manager, Development and Growth Services, to advance a City-led public builder model at five 'housing ready' sites. These include the Housing Now sites at 405 Sherbourne Street and 150 Queens Wharf Road, the CreateTO led mass timber pilot site at 1113-1117 Dundas Street West and two additional sites at 11 Brock Avenue and 35 Bellevue Avenue. Council has directed that the City lead or oversee all aspects of the delivery of these sites under a 'public builder model' including all due diligence, and to report back by Q3 2024 with a status update and furthermore, to identify any tools and innovative approaches needed to expand this model to additional sites.

Update: Federal Housing Accelerator Fund

On December 13, 2023, City Council adopted recommendations from the Deputy City Manager, Development and Growth Services, regarding the Federal Housing Accelerator Fund Contribution Agreement ([2023.MM13.27](#)). The City's application includes enhancements to the Housing Now program that are consistent with the 2023 comprehensive update through [2023PH3.6](#). This includes regulatory and policy changes to optimize height and density on sites; providing flexibility on the unit types, size and tenure while maintaining at least 33% affordable rental units on a program-wide basis; and, increasing grant funding and taking a geographic-specific approach to each site due to local sub-market difference which impact project feasibility. On

December 21, 2023, the federal government announced the allocation of \$471 million in funding to the City.

Update: Portfolio Wide Risk Factors

On September 14, 2023, the Department of Finance Canada issued a news release regarding proposed legislation to enhance the existing GST New Residential Rental Property rebate on certain new purpose-built rental property. The proposed modifications aim to incentivize construction of new rental homes. On November 1, 2023, the Ontario government announced a matching rebate for the full provincial portion of HST. CreateTO is closely monitoring the implementation of HST rebates for new purpose-built rental projects and its associated positive impacts on the Housing Now portfolio.

CreateTO staff also continues to monitor key risk factors that could significantly impact the ability to implement the Housing Now program as currently structured. These risk factors include:

- Availability and timing of debt financing and appropriate loan-to-cost ratios of the CMHC Rental Construction Financing Initiative;
- Volatility in interest rates; and,
- Rapid escalation in construction pricing.

In consideration of these risk factors, Housing Secretariat and CreateTO staff continue with efforts to negotiate an intergovernmental Memorandum of Understanding with Housing Now program's key funding partners at the CMHC. The goal of the MOU is to establish standardized and favourable underwriting practices to be applied to Housing Now projects, together with grant funding contributions per affordable door. If successful, it will not only provide greater financial certainty for Housing Now projects, it should also streamline and speed up approvals.

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Housing Now Milestone Report
Attachment 2 - Housing Now Unit Tracker