

## **Advancing Affordable Rental Housing in Quayside - Phase 1**

**Date:** September 15, 2025

**To:** Executive Committee

**From:** Executive Director, Housing Development Office; Executive Director Housing Secretariat

**Wards:** Spadina-Fort York

### **REASON FOR CONFIDENTIAL INFORMATION**

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The Confidential Attachment to this report relates to both a proposed or pending disposition of property by the City and a position, plan, procedure, criteria or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City, and contains financial information, supplied in confidence to the City of Toronto, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization.

### **SUMMARY**

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Quayside will be a master-planned mixed-use complete community that builds on development in the adjacent East Bayfront lands, and the emerging Keating Channel West Precinct. This 4.9-hectare area on Toronto's waterfront, located at Queens Quay East and Parliament Street (Quayside Lands), will include new homes, parks and public spaces, new and improved infrastructure, roads and public realm within five new development blocks.

A key driver for Quayside is the provision of affordable rental homes by the City in partnership with Waterfront Toronto and Quayside Impact Limited Partnership (QILP). With the softening of the condo market, the City, QILP, and Waterfront Toronto have worked on an accelerated plan to maximize the number of affordable rental homes that can be delivered in the first phase while prioritizing the delivery of purpose-built rental homes on an expedited basis. As the result, it is estimated that approximately 550 affordable rental homes, including 57% as family units, and approximately 1,200

purpose-built rental homes will be delivered by 2030-31. The Quayside-Phase 1 project supports the City in achieving its HousingTO 2020-20304 Action Plan target to approve 65,000 rent-controlled homes (comprised of 6,500 rent-geared-to-income (RGI), 41,000 affordable rental and 17,500 rent-controlled market homes) by 2030.

Achieving these ambitious housing outcomes within a delivery model involving government, private and non-profit partners will require all partners to participate in innovative ways while responding to changing market conditions. The delivery model for the affordable rental homes in Quayside represents another step in implementing the "Public Developer" approach where the City is taking an intentional leadership role in bringing land, funding, financing, and non-profit and Indigenous housing partners together to maximize public benefit for generations to come. This delivery model will include:

- QILP to transfer stratified lands where affordable rental homes will be built to the City prior to construction start. These lands will then be leased to non-profit housing providers selected to own and operate these affordable rental homes for 99 years ("Affordable Housing Providers");
- QILP (or a related entity) to act as the development manager for the site, and with a construction manager, design and build the affordable and purpose-built rental homes;
- Waterfront Toronto to act as the master developer for the Quayside Lands which includes affordable housing, Quayside infrastructure and public realm, design objectives (buildings and Privately Owned Public Space), ground floor animation objectives and sustainability requirements; and,
- Government partners and Waterfront Toronto to provide funding and financing to the Affordable Housing Providers for the construction of affordable rental homes.

As the housing crisis in the city persists, expediting the delivery plan to ensure construction can start in 2026 has been a key consideration for all partners. The City, through its agreement with the federal government under the Housing Accelerator Fund (HAF), has committed to advancing major development on Toronto's waterfront, including accelerating the delivery of purpose-built rental, and permanently affordable rental homes in Quayside. The City has already made progress towards meeting its HAF milestones by expediting zoning approvals in July 2024 and increasing the permitted density to allow for taller buildings with reduced building footprints. The current plan also represents an improvement upon the number of affordable rental homes that were identified in the July 2024 re-zoning application, which was 458. The final milestone for this initiative requires building permits be issued for the affordable rental homes in Phase 1 by Q3-2026.

Subject to the approval of this report, the project team will be able to move towards meeting upcoming critical milestones including submitting applications to Canada Mortgage and Housing Corporation (CMHC) for construction financing by October 31, 2025, finalizing required loan agreements with CMHC by Q1-2026, and accelerating construction start timelines.

In partnership with Waterfront Toronto, QILP, and CMHC, the City has been able to make a number of significant advancements in accelerating delivery of purpose-built and affordable rental homes through Quayside - Phase 1. This report and the confidential attachment provide:

- an update on the funding plan for approximately 550 affordable rental homes and required authorities to receive and invest funds, including property tax exemptions for the affordable rental homes;
- an update on the results of the competitive Request for Proposals (RFP) process to select up to four Affordable Housing Providers, and the required authorities to enter into applicable agreements; and,
- an overview of how the City will work with project partners, including the Affordable Housing Providers, CMHC, QILP and Waterfront Toronto as the future owner of stratified affordable rental housing lands and funder for the affordable rental homes.

The Quayside- Phase 1 project will deliver approximately 1,750 affordable rental and purpose-built rental homes through a unique and innovative partnership model with private, non-profit, and government partners. The delivery model, however, is complex due to the interconnectedness of funding and financing sources, various roles and responsibilities of multiple partners, navigating the complex regulatory environment within the accelerated timelines of the project, as well as ongoing market pressures.

The federal and provincial governments, along with the City of Toronto, have recently approved a joint investment plan of \$975 million to accelerate the delivery of Waterfront Toronto's revitalization plan including delivery of new homes in Quayside and Ookwemin Minising (formerly Villiers Island). The tri-partite collaboration continues to be critical to ensure the Quayside - Phase 1 project can be delivered within this unique delivery model and can be replicated for delivery of much needed homes along Toronto's waterfront for current and future residents of the city.

## **RECOMMENDATIONS**

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The Executive Director, Housing Development Office and Executive Director Housing Secretariat recommend that:

1. City Council authorize the Executive Director, Housing Development Office, or their designate, in consultation with the Deputy City Manager, Development and Growth Services, to negotiate and execute, on behalf of the City, a framework agreement and any amendments ("the Framework Agreement") and any related agreements, substantially on the major terms and conditions and with the parties set out in Confidential Appendix A to the report (September 15, 2025) from the Executive Director, Housing Development Office and the Executive Director, Housing Secretariat, and such other terms satisfactory to Executive Director, Housing Development Office, in consultation with Deputy City Manager, Development and Growth Services, and in a form approved by the City Solicitor.

2. City Council authorize the Executive Director, Housing Development Office, or their designate, in consultation with the Executive Director, Housing Secretariat, and the Deputy City Manager, Development and Growth Services, to negotiate and execute, on behalf of the City, an all party agreement and any related agreements and amendments ("the All-Party Agreement"), substantially on the major terms and conditions and with the parties set out in Confidential Appendix A to the report (September 15, 2025) from the Executive Director, Housing Development Office and the Executive Director, Housing Secretariat, and such other terms satisfactory to Executive Director, Housing Development Office, in consultation with the Executive Director, Housing Secretariat and the Deputy City Manager, Development and Growth Services, and in a form approved by the City Solicitor.

3. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, in consultation with the Executive Director, Housing Development Office, to negotiate and execute, on behalf of the City, long-term nominal rent leases with each of the affordable housing providers selected by the Executive Director, Housing Secretariat through the request for proposals issued for this project (the "Affordable Housing Providers"), substantially on the major terms and conditions set out in Attachment 1 to the report (September 15, 2025) from the Executive Director, Housing Development Office and the Executive Director, Housing Secretariat, and such other terms satisfactory to the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Development Office, and in a form approved by the City Solicitor, and conditional upon the premises to be leased to such Affordable Housing Providers having been declared surplus and all steps necessary to comply with the City's real estate disposal process as set out in Article 1 of Chapter 213 of the City of Toronto Municipal Code having been complied with, all on or before the date that Council considers this recommendation.

4. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, to negotiate and execute on behalf of the City the reciprocal/cost sharing agreement(s) contemplated in the Framework Agreement and any agreements related to the acquisition and leasing out of land in Quayside Phase 1 by the City on such terms as are satisfactory to the Executive Director, Corporate Real Estate Management, and in a form approved by the City Solicitor.

5. City Council authorize the Chief Procurement Officer to award and the Executive Director, Housing Development Office, or their designate, in consultation with Chief Financial Officer and Treasurer and Executive Director, Housing Secretariat, to negotiate and execute, on behalf of the City, any necessary non-competitive agreements with a value exceeding \$500,000 for which Standing Committee and City Council approval would normally be required under City of Toronto Municipal Code Chapter 71, Financial Control, and City of Toronto Municipal Code Chapter 195, Procurement, for the provision of professional services needed to carry out any necessary development coordination matters for the development of affordable housing in Quayside - Phase 1, provided that:

- a) non-competitive procurement is necessary to meet the timelines related to the development of affordable rental homes in Quayside - Phase 1;
- b) the costs are available for, and funded through the Council-approved Housing Secretariat's 10-year Capital Budget and Plan for the Quayside - Phase 1 project;
- c) the terms and conditions of any such agreements are acceptable to the Executive Director, Housing Development Office, and in a form satisfactory to the City Solicitor; and
- d) a report summarizing any agreements executed under this authority is submitted to the appropriate Standing Committee and/or City Council for information by Q4- 2026.

6. City Council authorize the Executive Director, Housing Development Office, or their designate, to negotiate and execute, on behalf of the City, an owners representative agreement and any related agreements and amendments, substantially on the major terms and conditions and with the parties set out in Attachment 2 to the report (September 15, 2025) from the Executive Director, Housing Development Office and the Executive Director, Housing Secretariat, and such other terms satisfactory to the Executive Director, Housing Development Office, and in a form approved by the City Solicitor.

7. City Council authorize an exemption from taxation for municipal and school purposes for the affordable rental homes developed on the blocks in Quayside - Phase 1 listed in and for the periods of time described in Table 1 in the Financial Impact section of the report (September 15, 2025) from the Executive Director, Housing Development Office and the Executive Director, Housing Secretariat.

8. City Council authorize the Controller and Chief Accountant to cancel or refund any taxes paid after the effective date of the exemption from taxation for municipal and school purposes as set out in the applicable municipal housing facility agreement (the "Contribution Agreement").

9. City Council adopt the confidential recommendations in Confidential Attachment 1.

10. City Council direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it outlines a position, plan, procedure, criteria or instruction to be applied to any negotiations carried on or to be carried on by or on behalf of the City; and contains financial information, supplied in confidence to the City of Toronto, which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a person, group of persons, or organization, and be made public at the discretion of the Deputy City Manager, Development and Growth Services.

## FINANCIAL IMPACT

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Risks to the financial viability of residential developments are at an all-time high, driven by escalating construction costs, supply chain disruptions alongside foreign trade uncertainties and U.S.-initiated tariff disputes. These factors have led to increased project costs in a volatile market that threaten project timelines and viability.

For the Quayside-Phase 1 project, with a significant number of affordable rental homes contemplated as well as significant sustainability and accessibility targets, a comprehensive funding plan to build the "bricks and mortar" is required with support, participation, and investments from all orders of government and Waterfront Toronto (in addition to the land to deliver affordable rental homes that has already been secured).

The City has worked with Waterfront Toronto, QILP and CMHC to develop a funding plan and to-date, the following funding sources have been identified to support delivery of affordable and purpose-built rental homes in Quayside:

### **Land Sale Proceeds**

Waterfront Toronto owns and controls certain lands along the waterfront. In the Quayside Business and Implementation Plan (Item [EX34.11](#)), Waterfront Toronto estimated there would be up to \$157 million in total contributions from Quayside Phases 1 and 2 land sale proceeds that could be re-invested toward the capital costs of affordable rental homes delivered in both phases.

The land sale contributions include revenues from Waterfront Toronto land sales as well as all revenues from the sale of Block 3B (in Phase 2) which is made up of City and Toronto Port Lands Company (TPLC) lands that will be re-invested in affordable housing (as capital funding). The ability of Waterfront Toronto, the City and TPLC to commit the full \$157 million is contingent on securing Phase 2 land sale revenues.

To assist with the delivery of affordable rental homes in Phase 1, WT has committed approximately \$57 million towards the construction costs from the Phase 1 land sale revenues.

### **Approved City Support for Purpose-built Rental and Affordable Rental Homes**

Through 2022.EX34.11, City Council approved a range of financial incentives (waivers of fees for planning applications, building permits and parkland dedication, and exemption of development charges (DCs) and Community Benefit Charges (CBCs)) for affordable rental homes to be built in Quayside (in both Phases 1 and 2).

The Province's adoption of the *More Homes Built Faster Act, 2022* (Bill 23) and the *Affordable Homes and Good Jobs Act, 2023* (Bill 134) has substantially altered the landscape of financial incentives available for the City to provide to affordable rental housing developments, by introducing provincial exemptions of DCs, CBCs, and

parkland dedication fees for developments providing 25 years affordability, at the levels set out by the Provincial government in the Affordable Residential Units Bulletin.

Exemptions of DCs, CBCs and parkland dedication fees for affordable rental homes in Quayside - Phase 1 are currently available through provincial legislation for projects that meet the definition of affordable rental housing or non-profit housing development as outlined in the *Development Charges Act*. To-date, the planning application fees for the affordable rental homes have been received by the City and the value of the building permit fee exemption is estimated at approximately \$678,500 for the approximately 553 affordable rental homes (based on 2025 rates). This value is an estimate and subject to change based on actual rates at the time of building permit application.

Additionally, through the Rental Housing Supply Program via Item [EX22.1](#) "Interim Update - Delivery of Affordable Rental Homes in Quayside - Phase 1", the City has approved up to \$44 million in capital funding to support the delivery of affordable rental homes in Phase 1 (currently in the Housing Secretariat's 2025-2034 Capital Budget and Plan).

The City has also approved an indefinite DC deferral and a 15 percent property tax reduction for 35 years for the purpose-built rental homes to be developed by QILP, as part of the implementation of the City's Purpose-built Rental Housing Incentives Stream via Item [CC24.16](#) "Advancing Phase One of the Purpose-built Rental Housing Incentives Stream".

## **Requesting Property Tax Exemptions for Affordable Rental Homes**

This section outlines financial impacts associated with the provision of a property tax exemption, for the duration of affordability, to eligible affordable rental homes in Quayside - Phase 1. As part of the City's Rental Housing Supply Program, eligible affordable rental homes can receive an exemption from taxation for municipal and school purposes for the duration of the affordability period, subject to City Council approval.

This report recommends an exemption of municipal property taxes for a total of 553 affordable rental homes in Quayside - Phase 1 as outlined in Table 1 below. Municipal property tax exemptions are recommended for the terms of the agreement (99 years) with an estimated Net Present Value (NPV) of \$53.5 million, based on 2025 municipal tax rates for illustration. These incentives are not a direct payment from the City but rather foregone revenues. Ongoing municipal property tax exemption is conditional on the Affordable Housing Providers entering into a municipal housing facility agreement (the "Contribution Agreement") with the City and meeting associated requirements through construction and operating years.

Table 1: Summary of Recommended Property Tax Exemptions to Support New Affordable Rental Homes

Block	# of Affordable Rental Homes	Estimated Year of Occupancy	NPV of City Tax	NPV of Education Tax	NPV of City Building Levy	Total Net Present Value of Property Tax Exemption
1B	176	2031	\$15,028,975	\$2,038,145	\$118,511	\$17,185,631
1C1	145	2030	\$12,760,168	\$1,745,830	\$101,416	\$14,607,414
1C2	114	2030	\$9,486,951	\$1,317,427	\$76,218	\$10,880,596
1C3	118	2030	\$9,431,885	\$1,309,779	\$75,777	\$10,817,441
Total	553	n/a	\$46,707,979	\$6,411,181	\$371,922	\$53,491,082

### Funding and Financing Support from CMHC

CMHC offers multiple programs under the National Housing Strategy with funding and favourable financing to support the creation of housing, including affordable rental housing.

Delivery of Quayside-Phase 1 project requires CMHC's funding and financing support under Affordable Housing Fund (AHF) for the affordable rental homes and Apartment Construction Loan Program (ACLP) for the purpose-built rental homes.

As part of an ongoing collaboration with CMHC, QILP has been able to secure ACLP financing for the purpose-built rental homes planned for the Quayside - Phase 1 development.

Delivery of the affordable rental homes will rely on the selected Affordable Housing Providers' ability to secure additional construction funding and financing from CMHC through the AHF. Applications to CMHC are due by October 31, 2025 to meet project timelines.

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

### EQUITY IMPACT

As approved by City Council through the Quayside Business Implementation Plan and the Next Phase of Waterfront Revitalization, the renewed vision for the City's waterfront



includes "equity, inclusion and access, including through housing" as a key priority. The recommendations outlined in this report advance City Council's priorities by advancing partnerships with non-profit housing organizations that will lead the creation of complete communities with affordable rental housing in Quayside. This vision will be further realized through enabling social infrastructure that will collectively contribute to the City's existing commitments outlined in the HousingTO 2020-2030 Action Plan (HousingTO Plan), Reconciliation Action Plan and TransformTO Net Zero Strategy.

The development of Quayside lands, the advancement of critical services and development partnerships with non-profit housing organizations will support the realization of positive housing outcomes for Indigenous, Black and racialized and equity-deserving groups and vulnerable populations who face additional barriers to both accessing and maintaining housing. The realization of proposed recommendations in this report will ensure that Quayside remains a multi-use, net-zero carbon waterfront community, with a mix of market and affordable homes for residents of all incomes, ages, and backgrounds.

As per agreements between Waterfront Toronto and QILP, measurable community benefits targets for equity-focused workforce development and supplier diversity will be incorporated into applicable agreements, where possible, specifically aiming to connect job opportunities to Indigenous, Black and equity-deserving communities who may experience barriers to accessing the labour market. These requirements are aligned with the Council-adopted Community Benefits Framework, advancing the City's commitment to equity and inclusion by creating community benefits across a broad spectrum of housing development types. These objectives further align with targeted actions in Council-adopted City of Toronto equity strategies such as the Inclusive Economic Development Framework, Reconciliation Action Plan, the Action Plan to Confront Anti-Black Racism, and SafeTO – Toronto's Community Safety & Wellbeing Plan.

## **DECISION HISTORY**

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On March 31, 2025, the Executive Committee received Item EX22.1 "Interim Update - Delivery of Affordable Rental Homes in Quayside - Phase 1" which provided an update on the delivery model and funding and financing plan for the affordable rental homes proposed in Quayside to maximize the number of affordable and rental homes and prioritize the delivery of purpose-built rental homes.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EX22.1>

On December 17 and 18, 2024, City Council adopted Item EX19.2 "Next Phase of Waterfront Revitalization - Update" which among other updates, endorsed a set of priority projects for the Next Phase of Waterfront Revitalization and tri-government funding including Quayside.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.EX19.2>

On July 24, 2024, City Council amended the former City of Toronto Zoning By-law 438-86 for development on Quayside Blocks 1 and 2. The rezoning addressed Phase 1 of the Quayside development and increased the permitted density of residential floor area to include 36,996 square metres of affordable rental housing.

<https://secure.toronto.ca/council/agenda-item.do?item=2024.TE15.5>

On June 26 and 27, 2024, City Council adopted Item PH13.8 - Launching the Rental Housing Supply Program. The report included authorization for the Executive Director, Housing Secretariat to provide capital funding to projects listed in Confidential Attachment 1 to the report. This included up to \$44 million in capital funding to support the delivery of affordable rental homes in Quayside Phase 1.

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

On July 19, 2022, City Council adopted Item EX34.11 "Quayside Business and Implementation Plan" (referred to as the Quayside BIP) which outlined affordable rental and ownership opportunities across the development, in addition to the infrastructure and parkland improvements, real estate transactions and phasing plans.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.EX34.11>

## COMMENTS

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### Background

Quayside is part of a long-term vision for the City's waterfront to build a multi-use, inclusive community with a mix of market and affordable homes with significant community amenities and benefits on Toronto's waterfront. Geographically, Quayside is the area bounded by Queens Quay East to the south, Bonnycastle Street to the west, Lake Shore Boulevard to the north and the Victory Soya Mills Silos to the east, comprised of approximately 4.9 hectares (12 acres) including 3.2 hectares (8 acres) of development sites.

Quayside is a significant and complex city-building project that will be implemented over several phases spanning several years. Once complete, Quayside will be an inclusive and vibrant new waterfront community with approximately 4,700 residential units in varying sizes and tenures and approximately 14,000 square metres of non-residential uses, including commercial, retail, childcare and community space. In 2022, City Council adopted the Quayside Business and Implementation Plan and Waterfront Toronto selected QILP as its development partner.

Numerous City approvals are required to facilitate the implementation of the project. This includes City approvals to support the delivery of affordable housing, infrastructure and parkland, real estate transactions and land use planning approvals. Waterfront Toronto, with support from various City divisions, is leading the design and delivery of improved public realm and infrastructure to support the development blocks. This includes extending Queens Quay East, east of Parliament Street with improved

streetscaping, pedestrian and cycling connections; realigning Parliament Street with improved pedestrian and cycling connections; improving water, sanitary and stormwater servicing; improvements to local streets with enhanced pedestrian connections and landscaping; extending the Water's Edge Promenade around the Parliament Slip; and delivering a new 1.1 acre (0.47 hectare) waterfront park at Parliament and Queens Quay.

## Zoning

The rezoning application for Quayside - Phase 1 was adopted by City Council in July 2024. This approval permitted up to 193,650 square metres of mixed-use development with up to 180,000 square metres of residential floor area and includes institutional, retail and community uses including a childcare facility and a central Privately-Owned Publicly Accessible Space (POPS). Subsequent site plan approvals for Phase 1 are anticipated to be secured by mid-2026.

## Anticipated Affordable Housing Outcomes

Through Quayside-Phase 1, approximately 550 affordable rental homes will be realized across four Affordable Rental Home Blocks ("ARH Blocks") known as Blocks 1B, 1C1, 1C2 and 1C3. As of the publication of this report:

- Block 1B will contain approximately 176 affordable rental homes stratified within a mixed-income purpose-built rental building; the market rental homes will be owned by QILP.
- Three (3) stratified affordable housing buildings will constitute the 1C ARH Blocks with approximately 145, 114 and 118 affordable rental homes respectively (Blocks 1C1, 1C2 and 1C3). These buildings will have ground floor commercial space and a rooftop urban garden that will be owned and operated by QILP (or a related entity), but all residential space will be affordable housing.

Table 2: Overview of Quayside Phase 1 ARH Blocks

ARH Block	Total Affordable Rental Homes	Studio	1-bedroom	2 bedroom	3-bedroom	4-bedroom	Est. ARH GFA (sq. ft)
1B	176	16	58	65	23	14	154,000
1C1	145	16	44	52	18	15	132,000
1C2	114	5	43	46	20	0	103,000
1C3	118	10	47	50	11	0	101,000
Total	553	47	192	213	72	29	490,000

Notably, 20% of the affordable rental homes achieved through Quayside-Phase 1 will be accessible using the AHF Program's accessibility criteria. All affordable rental homes are intended to be visitable to create a welcoming environment for all and allow visitors with varied abilities to access non-accessible units.

In addition to the accessibility criteria established above, Waterfront Toronto's Green Building Requirements (GBRs) will be applied to the project. The GBRs mandate registration and certification through the Canada Green Building Council's Zero Carbon Building, "Design Standard (ZCB)". The ZCB requires projects to achieve net-zero operational carbon performance while reducing thermal energy demand, energy use, and embodied carbon intensities. The GBRs also include requirements related to low-carbon and non-toxic building materials, embodied carbon reduction in the public realm, enhanced biodiversity and habitat creation, resilience planning, and the provision of cycling infrastructure.

### **Land Transaction Considerations**

The stratified lands where affordable rental homes will be built will be transferred to the City prior to construction start. Each Affordable Housing Provider will enter into a 99-year lease agreement (each an "ARH Lease") with the City, pursuant to which each such Affordable Housing Provider will be granted a leasehold interest in those parts of the parcels of land where the affordable rental homes that it will be operating will be constructed. Upon the termination of each ARH Lease, ownership of the respective affordable rental homes that were the subject of such ARH Lease will revert to the City.

Staff anticipate that the parcels of land on which the affordable rental homes will be constructed will be declared surplus by the Deputy City Manager, Corporate Services pursuant to Article 2 of City of Toronto Municipal Code Chapter 213, Real Property, with the surplus declaration being effective on the date that the City acquires the subject lands, and that all steps necessary to comply with the City's real estate disposal process as set out in Article 1 of Chapter 213 of the City of Toronto Municipal Code, will have been complied with prior to the date that Council considers this report.

### **Partnership with Affordable Housing Providers**

The City issued a Request for Proposal (RFP) to identify up to four eligible and qualified Affordable Housing Providers to:

- Lease stratified parcels where the affordable rental homes will be located from the City for 99 years at nominal rent;
- Apply to CMHC under the AHF for construction funding and financing, and upon approval by CMHC, enter financing agreements with CMHC;
- Enter into agreements with the Development Manager and Construction Manager and participate in decisions for development and construction of affordable rental homes;

- Own and operate affordable rental homes during the term of the lease providing sound property management, maintaining the building in a state of good repair, providing appropriate supports to residents, and integrating housing successfully into the surrounding community.

The Quayside Phase 1 RFP process was a non-binding negotiated process. Following the evaluation process, the City has entered into direct negotiations with the highest scoring proponents.

These organizations will be required to provide an acknowledgment to the City committing to act as the proponents for their respective affordable housing blocks in Quayside - Phase 1 project. Subject to the adoption of this report, the Affordable Housing Providers will enter into the Framework Agreement (as described in Confidential Appendix A to this report) and submit AHF applications to CMHC by October 31, 2025.

The City will support the selected Affordable Housing Providers in their application to CMHC to receive construction funding and financing through AHF, and its contribution to the Quayside project, through land, waivers and exemptions of development fees and charges, and equity contribution will be considered a co-investment from the City.

Each Affordable Housing Provider will work with the City, Waterfront Toronto, QILP and a Construction Manager on the development of the affordable rental homes through various agreements to address design, construction, and financing coordination, cost sharing, decision-making, step-in rights and shared facilities, among other matters.

It should be noted that while non-profit organizations have been active players in developing new affordable homes for decades through leveraging a variety of government programs, they are challenged to access higher amounts of financing given the requirement from CMHC, and other conventional lenders, for loan guarantees, and cost overrun and construction completion guarantees.

### **Procuring an Owners Representative**

The City intends to select an “Owners Representative” to assist with coordination of development and construction of the affordable rental homes in Quayside - Phase 1 between the City, Waterfront Toronto, the Affordable Housing Providers and the Development Manager and Construction Manager, as required under the Framework Agreement. The Owners Representative's role is critical to ensure streamlined coordination and the delivery of the project on-time and on-budget.

The City will need to work with Affordable Housing Providers to select an Owners Representative that will act as a single voice to interface with Development Manager and Construction Manager on all development and construction matters. The Owners Representative will play a key role in reviewing and reporting on all information related to development and construction matters, including budgets, design drawings,

schedule, Project Monitors Reports, and change orders. Affordable Housing Providers will be starting the work with QILP immediately on advancing design work and it is essential to have the Owners Representative onboard in a timely manner.

Given the unique role of the Owners Representative in relation to the City, and up to four Affordable Housing Providers, and in consideration for the project timelines, the City might need to undertake a non-competitive procurement to retain the Owners Representative.

Should the non-competitive procurement be undertaken, it will be within the approved project budget and staff will report to City Council, as needed, on any agreements executed under this authority by Q4- 2026.

### **Advancing the Waterfront East LRT Project**

The Waterfront East LRT project is essential for Toronto's growth, to accommodate the existing and planned density of housing, commercial uses, and regional destinations in the eastern waterfront. From 2016 to 2021, the Queens Quay East corridor grew by approximately 200%, compared to 2.3% City-wide growth, and the pace of growth is accelerating due to recent investments that advance Waterfront Toronto's revitalization plans. When fully built, the Waterfront East LRT will provide over 50,000 daily trips and serve an estimated 150,000 residents and jobs along the route.

Expanding transit continues to be an active discussion amongst all three orders of government and is central to advancing housing priorities, achieving the City's Net Zero goals, and providing sustainable transportation options. Intergovernmental discussions regarding the Waterfront East LRT project and possible phasing opportunities will continue. Governments recognize the project serves both the local communities and the broader region, ultimately linking Union Station to East Harbour and beyond. Advancing the Quayside Phase 1 housing program further solidifies the need for the Waterfront East LRT project to be delivered.

### **Conclusion**

Quayside - Phase 1 re-envisioned previously underutilized lands into a complete waterfront community with new homes and accompanying public infrastructure. Building this landmark development will require an innovative and collaborative approach between the City, Waterfront Toronto, QILP and the Affordable Housing Providers to realize the city-building potential of these lands amidst changing and challenging market conditions.

The adoption of the recommendations outlined in this report represent several critical milestones that enable the City to expedite its delivery plan and construction start timelines. By securing Council approval of the funding plan and receiving the necessary authorities to enter into agreements with related project partners, the City can continue

to advance its efforts to support the Affordable Housing Providers to secure CMHC's funding and financing.

Through the City's efforts to advance Quayside-Phase 1, it is demonstrating to its federal and provincial government partners and development partners a continued commitment to deliver new homes, including affordable rental homes, for generations to come.

## **CONTACT**

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## **SIGNATURE**

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Doug Rollins  
Executive Director, Housing Secretariat

Hugh Clark  
Executive Director, Housing Development Office

## **ATTACHMENTS**

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Attachment 1- Lease Agreement - Key Terms and Conditions  
Attachment 2- Owner's Representative Agreement - Key Terms and Conditions  
Confidential Attachment 1 - Quayside - Phase 1 Affordable Housing Delivery Plan  
Confidential Appendix A- Confidential Information  
Confidential Appendix B- Confidential Information

## ATTACHMENT #1- Lease Agreement - Terms and Conditions

1.a)	Landlord	City of Toronto
1.b)	Tenant	One or more Affordable Housing Providers selected to lease each of Blocks 1B, 1C1, 1C2 and 1C3.
1.c)	Demised Lands	For the Lease for 1B, the Demised Lands shall consist of a stratified parcel within 1B where approximately 176 residential units are to be constructed on floors 2 to 14. For the Lease for 1C1, the Demised Lands shall consist of a stratified parcel within 1C1 where approximately 145 residential units are to be constructed on floors 2 to 12 and a ground-floor residential lobby. For the Lease for 1C2, the Demised Lands shall consist of a stratified parcel within 1C2 where approximately 114 residential units are to be constructed on floors 2 to 12 and a ground-floor residential lobby. For the Lease for 1C3, the Demised Lands shall consist of a stratified parcel within 1C3 where approximately 118 residential units are to be constructed on floors 2 to 12 and a ground-floor residential lobby.
2.	Commencement Date	The date (the "Commencement Date") on which the Landlord provides written notice to the Tenant confirming delivery of vacant possession of the Demised Lands to the Tenant.
3.	Term	99 years from the Commencement Date.
4.a)	Basic Rent	Nominal.
4.b)	Additional Rent	Completely net and carefree lease to the Landlord. Tenant to be responsible for all costs, expenses and outlays of any kind relating to the Demised Lands and Tenant's use thereof. Tenant to be responsible for any land transfer tax payable with respect to any leases, sublease, surrenders or other conveyances required pursuant to this list of key terms or the Lease.
5.	Use	Tenant shall construct, use, manage and operate the Demised Lands continuously, actively and diligently for the principal purpose of the provision of net-new affordable rental housing to be operated in accordance with the Contribution Agreement.
6.a)	Proposed Development	<b>Sustainability</b> Tenant acknowledges that the Proposed Development shall meet or exceed the requirements of the Canada Green Building Council Zero Carbon Building – Design Standard.



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**Accessibility**

The Tenant acknowledges that it is required to construct, operate and manage the Proposed Development such that a minimum of twenty percent (20%) of the affordable rental housing units satisfy the accessibility standards using the CMHC Affordable Housing Fund Program's accessibility criteria.

**City Policy**

The Tenant shall comply with City policies, including the City's Fair Wage Policy and Labour Trades Contractual Obligations in the Construction Industry Policy, as applicable.

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7. General & Capital  
Repairs & Maintenance

Tenant shall construct and maintain the Proposed Development to the maintenance standard specified in the Lease, which includes, save as expressly set forth in the Lease, all costs associated with maintenance, repair and replacement, and capital repairs and replacements during the Term. Every five (5) years during the Term, at the sole cost and expense of the Tenant, the Tenant shall provide the Landlord with an updated building condition assessment.

Beginning at first occupancy of the Demised Lands, or such other date as agreed upon by the Landlord in writing, Tenant shall make contributions to a reserve fund account in an account at a Canadian chartered Bank an amount equal to five per cent (5%) (or such other percentage as may be otherwise agreed by the Executive Director, Corporate Real Estate Management and CMHC) of the aggregate annual effective gross income (including all subsidies) from the Demised Lands, including any rent supplement income and affordability payments from the Province of Ontario, the City of Toronto or any other municipality (the "Reserve Fund").

All amounts in the Reserve Fund shall revert to the City, as landlord, absolutely at the end of the Lease.

The Reserve Fund may be drawn upon in accordance with the Lease to fund Capital Improvements to maintain the Demised Lands in the condition required to be maintained under the Lease or under the most recent BCA reviewed by the Landlord.

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		The Reserve Fund requirements shall be subject to any terms negotiated between the Landlord, the Tenant and CMHC during any period where CMHC is a Leasehold Mortgagee.
8.	Condition of Demised Lands at end of Term	At the expiration or earlier termination of the Lease, the Tenant shall surrender the Demised Lands to Landlord in good order, condition and repair, apart from reasonable wear and tear consistent with the Building age, maintained to the maintenance standard required by the Lease.
9.	Tenant Covenant to Complete Proposed Development	Tenant shall diligently prosecute and complete the construction of the Proposed Development in accordance with the timeframes set out in the Lease.
		The Tenant shall submit to the Landlord for approval, its schedule for the Proposed Development.
		Except in the case of force majeure or delays attributable to the Landlord in its capacity as Landlord and not in its capacity as a municipality, if the Tenant fails to meet any of the timelines set out in the Lease, without limiting any other rights or remedies available to the Landlord, the Landlord shall have the right to terminate the Lease.
10.	Performance Security for Construction Obligations	<p>Prior to the commencement of construction on the Demised Lands, the Tenant shall deliver to the Landlord the Performance Security (as hereinafter defined), which shall remain in place until substantial performance of the Proposed Development. The Tenant may apply to the Landlord on the anniversary of each year following the Construction Commencement Date (as defined in the Lease), for a reduction in the Performance Security, provided that at any given time, the then outstanding amount of the Performance Security shall not be less than fifty percent (50%) of the then current Cost to Complete (as defined in the Lease).</p> <p>“Performance Security” means a labour and materials and performance bond in respect of the Major Subcontracts for the Tenant's Initial Work issued by a surety each in an aggregate amount equal to a minimum of Fifty Percent (50%) of the Project Budget, together with a dual obligee rider naming the Landlord as additional obligee thereunder, in a form acceptable to the Landlord, acting reasonably.</p>

If the Tenant secures financing from CMHC through the Affordable Housing Fund or a comparable CMHC program for the Proposed Development and provides CMHC with performance security that is comparable to the Performance Security, the Landlord may, in its sole and unfettered discretion, waive the Tenant's obligation to provide Performance Security under the Lease. This waiver is contingent upon the Landlord receiving written evidence that such performance security required by CMHC is in place and will remain in place for the duration required by CMHC.

The Tenant acknowledges that additional financial security obligations relating to construction of required parks, roads and services and matters specific to the site plan approval process will be further set out in the Lease, or other agreements in relation to the Proposed Development, as applicable, and will be required to be provided in the form of the City accepted form of letter of credit or certified cheque.

11.	No-Subordination and Ground Lease Acknowledgment Agreement	Lease shall not be subordinated by Landlord to Tenant's secured financing; however, in the event that the Tenant finances the Property, the Landlord shall, upon request of the Tenant and its Lender, enter into a ground lease acknowledgment agreement (in a form to be negotiated and attached to the lease).
12.	Leasehold Mortgages / Loans	Leasehold Mortgages permitted without Landlord consent but subject to Landlord approval of the lender, acting reasonably, and subject to certain leverage ratios and customary lease provisions with respect to the granting of leasehold mortgages, subject to reasonable negotiation when such lenders may be involved in financing the project.
13.	Assignment and Subletting	No assignment, sublease (other than to residential tenants) or other transfer, including transfers by operation of law, by Tenant without Landlord consent, acting reasonably. The assignee must be a qualified non-profit housing provider. Landlord shall be permitted to unreasonably or arbitrarily withhold consent to an assignment in its sole discretion until completion of all phases of the Proposed Development.

## ATTACHMENT #2- Owner's Representative Agreement Terms and Conditions

Key Terms and Conditions	
Parties:	All Affordable Housing Providers, City of Toronto
Owner's Representative:	Selected by City using City's procurement process
Owner's Representative Role:	<ul style="list-style-type: none"><li>• Owner Representative single voice to interface with Development Manager and Construction Manager on all development and construction matters</li><li>• To act as AHP's agent under Development Agreement and Construction Contract</li></ul>
Responsibilities of Owner's Representative:	<ul style="list-style-type: none"><li>• Receive, review and report on all information related to development and construction matters under Framework Agreement, Development Management Agreement, Construction Contracts, including budgets, design drawings, schedule, Project Monitors Reports, change orders</li><li>• Make recommendations using professional opinion, skill and care</li><li>• Coordinate, chair and minute meetings</li><li>• Attending the steering committee meetings under Framework Agreement</li><li>• Act as AHP representative under Framework Agreement, Development Management Agreement and Construction Contracts.</li></ul>

Key Terms and Conditions	
Affordable Housing Providers' Roles and Responsibilities	<ul style="list-style-type: none"> <li>• Each AHP will provide instructions to Owner's Representative for their respective component only</li> <li>• To the extent that a decision on one AHP parcel will have a materially adverse impact on other AHP parcels or the shared elements, other AHPs will be consulted</li> <li>• Receive and consider information regarding development and construction matters</li> <li>• To provide prompt instructions, inputs and approvals to Owner's Representative as provided for under Framework Agreement, Development Management Agreement and Construction Contract</li> <li>• AHP can only exercise its rights under Framework Agreement, Development Management Agreement and Construction Contract (relating to construction and development matters) through Owner's Representative</li> <li>• Attend and participate in meetings organized by Owner's Representative</li> </ul>
City Roles and Responsibilities	<ul style="list-style-type: none"> <li>• Receive and consider information regarding development and construction matters</li> <li>• To provide prompt instructions, inputs and approvals to Owner's Representative as provided for under Framework Agreement, Development Management Agreement and Construction Contract</li> <li>• City to have approval rights on all City Retained Decisions</li> <li>• Attend and participate in meetings organized by Owner's Representative</li> </ul>
City Retained Decisions	The Owner's Representative shall not be entitled to bind the City with respect to the decisions identified in the Framework Agreement as "City Retained Decisions", which shall require the approval of the City.
Fees of Owner's Representative	Costs to be allocated amongst the ARH Components in accordance with the Framework Agreement

Key Terms and Conditions	
Other Provisions	<p>The Agreement will contain provisions for:</p> <ul style="list-style-type: none"> <li>• Replacement of Owner's Representative</li> <li>• Remedies and Defaults</li> <li>• Dispute Resolution</li> <li>• Reporting and record keeping</li> <li>• HST</li> <li>• Insurance Requirements</li> <li>• Indemnities from the Owner's Representative</li> </ul>