

Progress on Building More Supportive Homes

Date: January 9, 2025

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat, Executive Director, Corporate Real Estate Management, and Chief Procurement Officer

Wards: All

SUMMARY

The City of Toronto has taken an increased role in the creation of new supportive and rent-geared-to-income (RGI) homes for people experiencing or at risk of homelessness, particularly since the adoption of the HousingTO 2020-2030 Action Plan (HousingTO Plan) and as a response to the COVID-19 pandemic. Despite increased action and investments, Toronto's housing and homelessness crises have worsened. Deeply affordable rental housing is at risk of being lost, and difficult and volatile economic conditions have made the construction of new housing, particularly RGI, supportive, affordable rental homes, more challenging. The shortage of supportive homes, inadequacy of social assistance rates, and need for greater mental health and social supports is illustrated most starkly by the rising number of encampments in Toronto.

Concerted action and investment from all orders of government and the private, health, and social services sectors is needed to respond to these crises. Despite this growing need, federal and provincial investment in measures proven to be most effective – new supportive housing, mental health and social supports, and higher social assistance rates that match the cost of living – have not kept pace.

This report provides a summary of the City's progress in creating new supportive homes, and requests authorities needed to complete existing in-flight developments creating more than 700 RGI and supportive homes and to advance new projects through an application for funding under a revised federal program to build more RGI and supportive homes.

On November 14, 2024, Canada Mortgage and Housing Corporation (CMHC) announced changes to the Affordable Housing Fund (AHF), including the creation of a new permanent Rapid Housing Sub-stream. CMHC also announced that \$963 million was being made available over five years (2025-2029) across Canada under this new program. The program replaces the former Rapid Housing Initiative (RHI), which was

delivered through three phases between 2020 and 2022, for a total of \$4 billion over three years nationally. The RHI supported the creation of rent-geared-to-income and supportive homes for people experiencing or at risk of homelessness, by providing capital grant funding to eligible projects covering up to 100% of capital costs. The City of Toronto and its Indigenous and non-profit housing partners received \$610.8 million in capital funding under the RHI, supporting the creation of more than 1,500 new homes. These investments have enabled the City to expand its supply of newly built supportive housing and exceed targets under the first [24-Month Housing and Homelessness Response Plan](#), launched in 2020 as a response to the COVID-19 pandemic. Since 2020, 3,880 supportive housing opportunities have been secured, including 1,763 net new supportive homes, for people experiencing or at risk of homelessness.

This report outlines key program changes and requests authority from City Council for staff to make applications and enter into agreements with CMHC under the new program. Despite new limitations and reduced funding available under this program, it is recommended the City continue to invest in due diligence activities to bring projects forward to be considered by CMHC. This report also recommends City Council request the federal government:

- make significantly greater funding available under this new program,
- make changes to program design based on the elements of the RHI that were most effective in creating new supportive homes for people experiencing homelessness, and
- provide Toronto with a portfolio of funding and financing under a Canada-Ontario-Toronto Builds model.

Through this report, staff are also requesting Council approvals required complete in-flight projects creating more than 700 RGI and supportive homes, including authority for Purchase Order Amendments, authority to enter into operating and lease agreements with non-profit housing providers, and property tax exemptions.

City Council took significant action in 2024 to expand its housing programs to support the creation of a range of new rental homes, including the launch of a new Community Housing Pre-development Fund to support community housing providers with early due diligence, and approval of a new Rental Housing Supply Program offering funding and incentives to a range of rental homes. The City acting alone cannot address the housing and homelessness crises, particularly for the more than 12,000 Toronto residents currently experiencing homelessness. A whole-of-government and whole-of-community response is needed to effectively respond. This must include new and enhanced policy, program, and funding tools at the federal and provincial levels that are effectively designed and adequately scaled to meet the depth of need, and investment in upstream interventions such as social assistance programs and access to mental health and social services, to prevent more households from falling into poverty, housing precarity, and homelessness.

RECOMMENDATIONS

The Executive Director, Housing Secretariat, the Executive Director, Corporate Real Estate Management, and the Chief Procurement Officer recommend that:

Applications for Affordable and Supportive Housing Funds

1. City Council authorize the Executive Director, Housing Secretariat, to submit applications and enter into agreement(s) and/or amendments with the Canada Mortgage and Housing Corporation (CMHC), the Government of Canada or any other government entity necessary (the “CMHC Agreement”), for the receipt and expenditure of funding under the Affordable Housing Fund (AHF) – Rapid Housing Sub-stream, on such terms and conditions as are satisfactory to the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer, and the Executive Director, Corporate Real Estate Management, and in a form approved by the City Solicitor.
2. City Council approve the receipt of any program funds under the AHF – Rapid Housing Sub-stream, in accordance with the terms and conditions of the CMHC Agreement and any other related agreements, directives or program guidelines.
3. City Council authorize the Executive Director, Housing Secretariat to endorse or provide letters of support for applications by Indigenous and non-profit housing providers to the AHF – Rapid Housing Sub-stream.
4. City Council request the Executive Director, Housing Secretariat, in consultation with the Executive Director, Corporate Real Estate Management and the Executive Director, Development Review, to inform local Councillors of plans to purchase or develop properties using the AHF – Rapid Housing Sub-stream funding in advance of any address being publicly announced and to work with local Councillors on communication and community engagement.
5. City Council authorize the Executive Director, Housing Secretariat, and Executive Director, Corporate Real Estate Management, to work with the University Health Network (UHN) to submit application(s) to the AHF – Rapid Housing Sub-stream to request funding for additional site(s) to be developed under the Social Medicine Initiative, including to enter into any agreements; memoranda of understanding or letters of intent with UHN or any related entity in relation to those projects as may be required for the application process.
6. City Council authorize the Executive Director, Housing Secretariat, and/or Executive Director, Corporate Real Estate Management, to work with Canada Lands Company CLC Limited (CLC) and its affiliates to submit application(s) to the AHF – Rapid Housing Sub-stream to request funding for project(s) to be developed on lands in Toronto, including to enter into any agreements, memoranda of understanding, or letters of intent with CLC or its affiliates in relation to those projects as may be required for the application process.

Delivery of New Supportive and Affordable Rental Housing

7. City Council request the Executive Director, Development Review, Chief Planner and Executive Director, City Planning, and Chief Building Official and Executive Director, Toronto Building, prioritize and expedite the review of planning and/or building permit applications for sites submitted under the AHF – Rapid Housing Sub-stream.
8. City Council authorize the Executive Director, Housing Secretariat to issue Requests for Proposals and to select non-profit and Indigenous housing operators, to lease and operate the affordable and supportive housing projects that may be approved under the AHF – Rapid Housing Sub-stream.
9. City Council direct the Executive Director, Housing Secretariat, to prioritize the selection of Black-led housing provider(s) through the process in Part 8 above in support of the City's commitment to Confront Anti-Black Racism, the Toronto Housing Charter, and to access AHF Rapid Housing Sub-Stream funding prioritized for Black-led organizations.
10. City Council authorize the Executive Director, Housing Secretariat to negotiate and execute on behalf of the City, municipal housing project facility agreements for up to 99 years with the non-profit and Indigenous housing operators selected through the competitive process referred to in Part 8 above, or any related corporation(s), to secure the financial assistance being provided and to set out the terms of the operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form approved by the City Solicitor.
11. City Council authorize the Executive Director, Housing Secretariat to negotiate and enter into any agreements with the non-profit and Indigenous housing providers selected for any operating funding that may be available, including but not limited to rent supplement or grant funding agreements, on terms and conditions agreed to by the Executive Director, Housing Secretariat and in a form approved by the City Solicitor.
12. City Council authorize the Executive Director, Housing Secretariat to execute, on behalf of the City, any security or financing documents required by the non-profit and Indigenous housing operators, including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the municipal housing project facility agreement, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by City Council.
13. City Council authorize the Executive Director, Corporate Real Estate Management, or designate in consultation with the Executive Director, Housing Secretariat, to negotiate, approve and execute, on behalf of the City, long-term leases (or sublease as applicable) and related agreements with the non-profit housing operators selected through requests for proposals for 175 Cummer Avenue, 35 Bellevue Avenue, and 11 Brock Avenue, or any related corporation(s) substantially on the major terms and

conditions set out in Attachment 1 to the report (Jan 9, 2025) from the Executive Director, Housing Secretariat and Executive Director, Corporate Real Estate Management, and such other terms as deemed appropriate by the Executive Director, Corporate Real Estate Management, in consultation with Executive Director, Housing Secretariat, and in a form satisfactory to the City Solicitor.

14. Subject to City Council approval of a zoning by-law for the development, City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, to negotiate, approve and execute, on behalf of the City, a long-term nominal rent lease with Youth Without Shelter or a related entity at 7-9 Wardlaw Crescent substantially on the major terms and conditions set out in Attachment 1 to the report (Jan 9, 2025) from the Executive Director, Housing Secretariat and the Executive Director, Corporate Real Estate Management, and such other terms as deemed appropriate by the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat and in a form satisfactory to the City Solicitor.

15. Subject to City Council approval of a zoning by-law for the development, City Council authorize the Executive Director, Housing Secretariat to negotiate and execute on behalf of the City, a municipal housing project facility agreement with Youth Without Shelter or a related entity, for 7-9 Wardlaw Crescent, to set out the terms of the operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form approved by the City Solicitor.

16. City Council consider the leases referenced in Part 13 and 14 above to be in the interests of the City.

17. City Council authorize the Executive Director, Corporate Real Estate Management, or designate, in consultation with the Executive Director, Housing Secretariat, to administer and manage the leases including the provision of any amendments, consents, approvals, waivers, notices, and notices of termination, provided that the Executive Director, Corporate Real Estate Management may, at any time, refer consideration of such matters, including their content, to City Council for its determination and direction.

18. City Council, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control), authorize the amendment of Purchase Order 6054523 issued to Govan Brown Associates Limited for Construction Management Services for the affordable rental housing building located at 65 Dundas Street East, in the amount of \$10,562,651 net of all taxes (\$10,748,554 net of Harmonized Sales Tax recoveries), fully funded within the Council approved 2024 Housing Secretariat Budget, revising the current purchase order value from \$51,857,637 net of all taxes (\$52,770,331 net of Harmonized Sales Tax recoveries) to \$62,420,288 net of all taxes (\$63,518,885 net of Harmonized Sales Tax recoveries).

19. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Chief Procurement Officer and Executive Director, Housing

Secretariat, to execute any necessary Purchase Order Amendments, with a value exceeding \$500,000 or more than 10 per cent of the original commitment, for which Committee or City Council approval would normally be required under City of Toronto Municipal Code Chapter 71, (Financial Control By-law) and City of Toronto Municipal Code Chapter 195 (Procurement) for the provision of construction and professional services needed and to carry out any necessary pre-development, pre-construction, construction, renovation or conversion of properties for the development of affordable housing under the Phases 1, 2 and 3 of the Rapid Housing Initiative, provided that:

- a) the purchase order amendment is necessary to meet the timelines of the Rapid Housing Initiative;
- b) the funds are available for, and funded through the Council approved Housing Secretariat Budget;
- c) the terms and conditions of any amending agreements are acceptable to the Executive Director, Corporate Real Estate Management, and the Executive Director, Housing Secretariat in a form satisfactory to the City Solicitor; and
- d) a report summarizing any amendments made under this authority is submitted to the appropriate Committee and/or City Council for information on an annual basis.

20. City Council authorize an exemption from taxation for municipal and school purposes for the affordable rental homes developed in the projects listed in and for the periods of time described in Table 2 below in the Financial Impact section of this report.

21. City Council authorize the Controller 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.

Intergovernmental Action to Build More Supportive Homes

22. City Council request the Government of Canada and CMHC significantly increase the funding available under the new Affordable Housing Fund – Rapid Housing Sub-stream to at minimum \$1.5 billion each year from 2025 to 2029, and make enhancements to the program based on successful elements of the former Rapid Housing Initiative, including:

- a. Providing guaranteed Cities Stream allocations to large municipalities, including Toronto, reflective of levels of need and demonstrated demand from prior rounds of the program and as part of the City's request for a Canada-Ontario-Toronto Builds portfolio of funding and financing;
- b. Streamline and simplify application requirements for large municipalities recognizing their experience and track record of delivering affordable homes under prior rounds of RHI; and

- c. Allowing municipalities to submit applications on behalf of non-profit housing organizations in their jurisdiction to enhance their chances of success under the program.

23. City Council request the Province of Ontario to expand on its commitment to partner with the City of Toronto on supportive housing by providing a three-year allocation of \$60 million in operating funding for support services beginning in 2025, to ensure residents of over 2,000 supportive homes have access to health and social supports and enable approximately 400 new supportive homes currently under construction to open in 2025 and 2026.

FINANCIAL IMPACT

The Rapid Housing Initiative (RHI) had been a successful federal program for building new rent-geared-to-income and supportive homes for people experiencing or at risk of homelessness in Toronto. The City and its partners have received \$610.8 million in grant funding through the program, to build over 1,500 new affordable homes. Supportive housing offers a more cost-effective response to homelessness than emergency shelter and reduces downstream public expenses in the health and justice systems.

New Affordable Housing Fund (AHF) – Rapid Housing Sub-Stream Application

Unlike the former RHI, the new AHF Rapid Housing Sub-stream does not provide Toronto with a guaranteed allocation of capital funding to build a minimum number of new rent-geared-to-income and supportive homes. To receive any funding under this new program, the City must submit a complete application and compete with other jurisdictions and housing providers across the country through a first-come first-served application process. CMHC has also significantly reduced funding available under this program. Whereas RHI provided \$1 billion in 2020, and \$1.5 billion in each of 2021 and 2022, the new Rapid housing Sub-stream provides \$963 million over five years from 2025-2029.

To successfully compete under the new Rapid Housing Sub-stream, the City must immediately advance projects through pre-development due diligence including completing site and servicing diligence, environmental assessments, design development, preliminary costing, and planning approvals. The Housing Secretariat has sufficient funding available within its approved 10-Year Capital Budget to allocate up to \$850,000 to undertake this due diligence for potential development sites with no net new budget impact. For projects approved by CMHC, the City will recover funds expended on these activities.

In addition to the AHF Rapid Housing Sub-stream, the projects may be eligible for City incentives under the Rental Housing Supply Program, including exemptions from fees and charges and property tax exemptions.

Purchase Order Amendments at 65 Dundas St. E.

The City purchased the former shelter hotel at 65 Dundas St. E. in 2022 with RHI funds to create 280 new permanent affordable rental homes, including homes with supports, in the Downtown East. Renovations on Phase 1 of the project were completed in summer 2024 and Phase 2 is ongoing. To fund the ongoing work, this report recommends an Amendment of Purchase Order 6054523, issued to Govan Brown Associates Limited in the amount of \$10,562,651 net of all taxes (\$10,748,554 net of Harmonized Sales Tax recoveries). This amendment will increase the contract value from \$51,857,637 net of all taxes (\$52,770,331 net of Harmonized Sales Tax recoveries) to \$62,420,288 net of all taxes (\$63,518,885 net of Harmonized Sales Tax recoveries). Funding for 2025 is included in Housing Secretariat's 2025-2034 Capital Plan. Additional details are described in Table 1.

This amendment is being requested due to a contractual obligation of the standard Construction Management contract (construction agreement template CCDC5B) frequently used in the construction sector. The amendment at this juncture in the project is a standard component of finalizing the contract terms to exercise the Guaranteed Maximum Price (GMP) option or to convert the remainder of the executable work to a Stipulated Sum contract. The need for the amendment was anticipated from the outset of the project, as it is a part of the normal course of the Construction Management method of project delivery. Funding to facilitate this amendment was anticipated and allocated in the Housing Secretariat's approved Capital Plan. The additional cost represents current market rates as part of the open-book pricing requirements of the contract.

Table 1: Purchase Order Amendment for 65 Dundas St. E.

CAF006-03-64	Total (net of HST Recoveries)
Current Purchase Order Value	\$52,770,331
Purchase Order Amendment Value	\$10,748,554
Total Revised Contract Value	\$63,518,885

Property Tax Exemptions for Previously Approved Affordable and Supportive Housing Projects

This report requests City Council approval of property tax exemptions for affordable rental homes in previously approved housing projects that are in development and expected to reach completion in 2025 and 2026. The table below summarizes the estimated net present value of these property tax exemptions at \$6.804 Million. This amount is not a direct payment but rather forgone revenues that the City waives to support the ongoing affordability of these new homes.

Table 2: Property Tax Exemptions for previously approved affordable housing projects

Proponent	Address	Ward	Affordable Homes	Affordability Period (Years)	City Tax	Education Tax	City Building Levy	NPV of Property Tax Exemption
PARC (Parkdale Activity Recreation Centre)	11 Brock Ave.	4	42 (40 previously approved)	50	\$43,005	\$11,864	\$597	\$55,466
Kensington Market Community Land Trust	35 Bellevue Ave.	11	78	50	\$1,753,425	\$483,738	\$24,354	\$2,261,517
Reena	155-165 Elm Ridge Dr.	8	106 (81 previously approved)	99	\$711,018	\$196,157	\$9,876	\$917,051
Gabriel Dumont Non-profit Homes	4201-4203 Kingston Rd. & 120 Galloway Rd.	24	68 (19 previously approved)	99	\$1,645,919	\$454,078	\$22,861	\$2,122,858
Youth Without Shelter	7-9 Wardlaw Cres.	1	51	50	\$1,122,042	\$309,551	\$15,585	\$1,447,178
Total					\$5,275,409	\$1,455,388	\$73,273	\$6,804,070

**Calculated using 2024 property tax rates. Property tax rates and fees are subject to change when City Council determines the 2025 tax rate supported budget in February 2025.*

Intergovernmental Partnerships to Build Supportive Housing and Relieve Pressure on the City's Shelter System

Housing is the solution to homelessness, and thousands of new rent-geared-to-income and supportive homes are urgently needed to relieve pressure on the City's shelter system, and support residents living outside to move inside. The City has taken advantage of the available opportunities provided by the federal and provincial governments to create supportive housing opportunities for individuals exiting shelters. Since 2020, 3,880 supportive housing opportunities have been secured, including 1,763 net new supportive homes. However, the City does not have the financial capacity to respond to this crisis alone and requires capital funding from the federal and provincial governments, and ongoing operating funding for housing benefits and support services from the province, to achieve City Council's target of approving 18,000 supportive homes by 2030.

This report and its recommendations request the federal government reintroduce key elements of the Rapid Housing Initiative that provided guaranteed allocations of capital grant funding to municipalities, including Toronto, enabling the City to move ahead with supportive housing developments with certainty and speed. Whereas the Rapid Housing Initiative made \$4 billion available in the three-year period from 2020-2022, the new Rapid Housing Sub-stream only offers \$963 million over the next five years. This reduction in investment comes at a time when the homelessness and housing crisis persists, and Housing First delivered through supportive housing is recognized as the best solution to chronic homelessness and encampments.

In 2023, the province announced a three-year commitment of \$48 million to the City for supportive housing through the Homelessness Prevention Program (HPP). This contribution continues to provide wrap-around support services to residents of over 2,000 supportive homes completed since 2020. This report requests the Province renew this commitment and add an additional \$12 million in operating funding under the HPP for a total \$60 million commitment for three years beginning in 2025. These funds are required to provide ongoing supports in completed projects and enable supportive housing developments under construction to open with the wrap-around supports needed to support residents exiting homelessness to achieve housing stability and improve their well-being.

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

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan (HousingTO Plan) envisions a City in which all residents have equal opportunity to develop to their full potential and is 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 inclusive, healthy, sustainable, and livable communities. It also recognizes that resources must be made available from all levels of government prioritized to help those most in need.

A key component of the HousingTO Plan is to increase the supply of permanent affordable rental and supportive housing to help the most vulnerable and marginalized residents, including Indigenous Peoples and those from equity-deserving communities, live in dignified housing with appropriate supports. The Housing First approach is recognized to be the most successful way of doing this as it maintains agency and choice as important elements in the approach towards permanent housing with supports. Approval of the recommendations in this report will enable City staff to apply for funding under the new Affordable Housing Fund – Rapid Housing Sub-stream to create new affordable and supportive housing opportunities that will support vulnerable and marginalized residents. The program has a specific focus on ensuring new housing

is targeted to support Indigenous Peoples, Black residents, women, and members of other equity-deserving communities.

Access to good quality, safe, affordable housing is an important social determinant of health and improves the social and economic status of an individual. Good quality, affordable housing is also a cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region, and country.

The Canada Revenue Agency has advised the City that residents paying rent or housing charges in affordable units that receive a property tax exemption are not eligible for the Ontario Energy and Property Tax Credit (“OEPTC”) component of the Ontario Trillium Benefit (“OTB”) (administered by the Canada Revenue Agency) which seeks to help low-and-moderate-income Ontarians pay for energy costs and property taxes. As such, those living in affordable housing projects, including those recommended in this staff report, will be ineligible for the OEPTC component of the OTB.

DECISION HISTORY

At its meeting of December 13, 2023, City Council adopted PH8.11 - Federal Rapid Housing Initiative - Program Update and Phase Three Implementation which provided an update on the results of the City’s RHI Phase 3 Application to CMHC, including all approved projects and authorized staff to allocate any available federal and provincial funding for any Rapid Housing Initiative projects. The decision can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2023.PH8.11>

At its meeting of October 1, 2021, City Council adopted PH26.4 - Implementing the Federal Rapid Housing Initiative - Phase Two which authorized the Executive Director, Corporate Real Estate Management and/or the Executive Director, Housing Secretariat to negotiate and enter into any necessary agreements, including non-competitive agreements, with a value exceeding \$500,000 for which Committee or City Council approval would normally be required under City of Toronto Municipal Code Chapter 195, Purchasing, for the provision of construction and professional services needed to complete the acquisition of suitable real estate interests and to carry out any necessary pre-development, pre-construction, construction, renovation or conversion of properties for the development of affordable housing under the Rapid Housing Initiative. The City Council decision can be found at: <https://secure.toronto.ca/council/agenda-item.do?item=2021.PH26.4>

At its meeting of December 16, 17 and 18, 2020, City council adopted PH19.11 - Emergency Housing Action and authorized Deputy City Manager, Corporate Services (and for required legal services, the City Solicitor) to negotiate and enter into any necessary non-competitive agreements, including those with a value exceeding \$500,000 for which City Council approval would normally be required under City of Toronto Municipal Code Chapter 195, Purchasing, for the provision of construction and professional services needed to complete the acquisition of suitable real estate interests

and to carry out any necessary pre-development, pre-construction, construction, renovation or conversion of properties for the development of affordable housing. The City Council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH19.11>

At its meeting of October 27-30, 2020, City Council adopted MM25.32 "Implementation of the Federal Rapid Housing Initiative," authorizing staff to enter into an agreement with Canada Mortgage and Housing Corporation to secure the City's allocation of \$203.3 million through this program, and identify projects that can be made available for occupancy within twelve (12) months, in accordance with the terms and conditions of the Rapid Housing Initiative. The City Council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.MM25.32>

At its meeting of December 17-18, 2019, City Council adopted PH11.5 "HousingTO 2020-2030 Action Plan" as the framework to address Toronto's housing and homelessness challenges by 2030. This Plan includes a number of actions and targets to address critical needs across the housing spectrum including emergency shelters and transitional housing, social and supportive housing, market and affordable rental housing and home ownership. The City Council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

COMMENTS

The City of Toronto has taken an increased role in the creation of new supportive and rent-geared-to-income housing for people experiencing or at risk of homelessness, particularly since the adoption of the HousingTO 2020-2030 Action Plan and in response to the COVID-19 pandemic. This has included major new initiatives and programs such as the Modular Housing Initiative, the Rapid Rehousing Initiative, and the Multi-Unit Residential Acquisition (MURA) Program. Among the most impactful programs has been the federal Rapid Housing Initiative (RHI), which has funded the acquisition or construction of over 1,500 new deeply affordable and supportive homes in Toronto including for people currently experiencing homelessness or sleeping outdoors. Since 2020, 3,880 supportive housing opportunities have been secured, including 1,763 net new supportive homes, for people experiencing or at risk of homelessness.

Despite these efforts, solutions that match the scale of need require greater investment and action from provincial and federal governments, along with the health, social services, and private sectors. The level of federal and provincial investment in measures proven to be most effective – new supportive housing, mental health and social supports, and improved social assistance rates that match the cost of living – have not kept pace with the scale of need. Deeply affordable rental housing is often at risk of being lost (such as through renovictions), and difficult economic conditions have made the construction of new rental housing more challenging. The need for greater action is illustrated most starkly by the rising number of encampments in Toronto.

This report reiterates requests of the federal and provincial governments to make the investments needed to build more supportive homes, and requests authorities to submit applications for new projects through the new Affordable Housing Fund - Rapid Housing Sub-stream.

New Affordable Housing Fund (AHF) – Rapid Housing Sub-Stream

In April 2024, the Government of Canada released Canada’s Housing Plan which included a commitment to making the RHI a permanent program. In November 2024, changes to the Affordable Housing Fund (AHF) were announced, including the introduction of a new sub-stream called the Rapid Housing Sub-stream. This Sub-stream will provide \$963 million in funding over 5 years to build 2,400 new units or beds across the country.

While the permanent nature of the program is welcome, the AHF - Rapid Housing Sub-stream differs considerably from the former Rapid Housing Initiative program that it has replaced. A summary is provided in Table 3. Key changes to the program include:

- The removal of a “Cities Stream” of guaranteed capital funding for municipalities. Under the prior RHI, Toronto was allocated \$442 million over 3 phases, which had provided the City with certainty to proceed with projects.
- Increases to submission requirements, meaning fewer projects will meet minimum requirements in terms of pre-development, and increasing the amount of funding and risk that must be taken to bring a project to application readiness.
- An overall decrease in the amount of funding available to \$963 million over five years, from \$4 billion over three years of the previous RHI.

Table 3: Key Changes from RHI Program to new AHF Rapid Housing Sub-stream

Category	Previous RHI Program	New AHF Rapid Housing Sub-stream
Application process and allocation	<ul style="list-style-type: none"> • Cities Stream allocation to municipalities • One-time competitive call for Projects Stream • Cities able to apply on behalf of non-profits 	<ul style="list-style-type: none"> • No Cities Stream allocation • Rolling applications approved first-come first-served basis. • No ability to apply on behalf of non-profits.
Eligible housing and project types	<ul style="list-style-type: none"> • RGI, supportive, affordable, and transitional housing 	<ul style="list-style-type: none"> • Shelters are now eligible, in addition to previous project types.
Timeline for project completion	<ul style="list-style-type: none"> • Occupancy within 18 months of approval 	<ul style="list-style-type: none"> • Construction start within 6 months of approval
Affordability requirements	<ul style="list-style-type: none"> • 100% of units rented at no more than 30% of household income, for a minimum of 20 years 	<ul style="list-style-type: none"> • At least 30% of units must be at or below 80% of median market rent, for a minimum of 20 years

Funding type	<ul style="list-style-type: none"> • Capital grant funding up to 100% of project costs. No loans. 	<ul style="list-style-type: none"> • Mix of grant funding and repayable loans (available for projects that can service the debt)
Priority populations	<ul style="list-style-type: none"> • Individuals must be in severe housing need, experiencing or at risk of homelessness, and a priority population of the National Housing Strategy (NHS) 	<ul style="list-style-type: none"> • Introduces a Black Canadians carve-out • Priority groups of the NHS will be prioritized

In contrast, the RHI has been one of the key capital funding programs that has enabled the City to fund over 1,500 units of permanent, supportive, rent-geared-to-income housing for Torontonians who are experiencing or at risk of homelessness. These program changes, on balance, will make it more difficult for the City and its Indigenous and non-profit partners to access federal capital grant funding for new supportive housing.

Implementation

Federal funding and partnership are critical to building new affordable housing in Toronto, and this report requests authority for staff to proceed and apply for funding under the revised AHF Rapid Housing Sub-stream. Staff are undertaking preliminary due diligence on potential housing development sites, however given the enhanced due diligence and application requirements, anticipate submitting fewer projects than under the old RHI program.

Approach to Making Submissions and Due Diligence

Housing Secretariat, CREM, and CreateTO will collaborate on the site selection process, in consultation with Development Review, City Planning, Toronto Building, and other divisions as necessary. Council approved site selection criteria for the modular and Rapid Housing Initiatives will be used to select locations for additional due diligence. Staff will apply an enhanced approach to due diligence as was done through RHI Phase 3, which implemented recommendations from the Auditor General's audit of the Modular Housing Initiative, adopted by City Council in 2023.

CMHC has significantly increased the due diligence requirements of projects before applications will be received, including requiring projects to have secured all zoning approvals. Staff will continue to work with CMHC on identifying an approach whereby the City may make preliminary applications earlier in the pre-development process, to ensure applications from the City and its partners can be considered by CMHC given the limited pool of funds available.

Prior to any sites being selected and final applications made to CMHC, City staff will meet with local Councillors to provide information on the application and proposal.

Should any projects be approved by CMHC, City staff will consult with local Councillors on community engagement and communications plans before any addresses are announced publicly.

Leveraging Partnerships to Build Supportive Housing

Many successful RHI projects have arisen from partnerships between the City and other organizations to maximise the use of land and resources to achieve successful developments. The City has worked with Toronto Community Housing Corporation to leverage underutilized land to build modular homes, and notably the City has worked with University Health Network (UHN) and United Way Greater Toronto (UWGT) to develop the first site under the Social Medicine Initiative at 90 Dunn Ave.

To continue this partnership approach, Housing Secretariat will work with partners to identify eligible projects under the AHF – Rapid Housing Sub-stream and support applications that utilize other non-market lands to realize viable projects. In October 2020, Council adopted a report ([PH17.4](#)) which outlined a continued partnership in Parkdale to create additional supportive housing at addresses on Dunn Avenue, Close Avenue, and Springhurst Avenue. The AHF Rapid Housing Sub-stream creates an opportunity to build on success at 90 Dunn Ave. and build more supportive housing under the Social Medicine Initiative. The City will work with UHN to identify and advance a second site under the Social Medicine Initiative, along with advancement of a broader master-planning exercise. This report requests authority for City staff to advance an application to CMHC under this model, including entering into agreements or other arrangements with UHN that may be necessary in connection with this application.

A new partnership opportunity with Canada Lands Company CLC Limited (CLC) has also been identified. CLC and its affiliates transform surplus federal lands into affordable housing and complete communities. City Council has repeatedly called on the federal and provincial governments to identify and make available their public lands within Toronto boundaries for the development of new affordable housing. This report requests Council request the Executive Director, Housing Secretariat to work with the CLC to identify shared opportunities to leverage federal land in Toronto in an application to the new Rapid Housing Sub-stream. This builds on a growing collaboration between the City and CLC, as on October 9, 2024, City Council (through [PH15.5](#)) authorized staff to enter into a Memorandum of Understanding with Parc Downsview Park Incorporated, a subsidiary of CLC. It also authorized staff to negotiate and enter into any agreements to secure the financial assistance for affordable housing to be developed on lands owned by Parc Downsview Park.

Supporting Indigenous and Non-Profit Housing Providers

The new program removes the ability of municipalities to apply for funding on behalf of Indigenous and non-profit housing providers, which was an important element of RHI that reduced barriers for non-profits and Indigenous organizations. City Council also has previously approved a 20% set aside of Toronto's funding allocation for Indigenous

housing providers, which is no longer possible given the Cities Stream allocation has been removed. Despite these changes, City Divisions will continue to support Indigenous and non-profit housing providers where possible in their applications, including by providing letters of support, and access to City financial incentives and expedited planning approvals for eligible projects.

Authorities to Complete In-Flight Supportive Housing Developments

In addition to applications for federal funding for new supportive housing developments, this report requests several authorities required to complete the creation of several in-flight affordable and supportive housing developments, creating more than 700 RGI and supportive homes, including Purchase Order Amendments, authorization of agreements with non-profit housing providers, and property tax exemptions (as described in the Financial Impact section).

Authority for Purchase Order Amendments at 65 Dundas St. E. and Other In-Flight Housing Developments

As outlined in the Financial Impact section, this report requests authority to amend Purchase Order No. 6054523 issued to Govan Brown Associates Limited in the amount of \$10,562,651, excluding taxes, for work on Phase 2 at 65 Dundas St E. The Rapid Housing Initiative project at 65 Dundas St. E. is creating 280 new permanent affordable rental homes, including homes with support services, in the Downtown East. Phase 1 of the project was completed in 2024, creating approximately 92 new affordable and supportive homes. Phase 2 is the final phase of the project and is anticipated to be ready for occupancy in the second quarter of 2025.

In addition, this report requests Council delegate authority to the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, to execute Purchase Order Amendments (POAs), including those exceeding \$500,000 or more than 10 per cent of the original commitment, for which Committee or City Council approval would normally be required, for projects that are being delivered under Phases 1 to 3 of the Rapid Housing Initiative. The RHI requires rapid delivery of new affordable homes, and many projects have faced delays that have impacted the entire construction industry, as well as significant cost escalations since 2020. The Chief Procurement Officer has recommended that additional Council authority be requested to approve such POAs beyond limits established in the Municipal Code Chapter 71 (Financial Control By-law) to ensure project delivery continues rapidly. City Council has previously delegated authority to City staff to execute new Purchase Orders which would typically require Committee or Council approval as set out in Municipal Code Chapter 195 (Purchasing) for Rapid Housing Initiative projects (MM25.32, PH26.4, and PH35.21). This additional recommendation is being made to ensure the delegated authority also addresses amendments to such purchase orders.

Approval of Agreements with Non-Profit Housing Providers to Operate over 230 New Rent-Geared-to-Income and Supportive Homes

1) 35 Bellevue Avenue and 11 Brock Avenue

The Public Developer sites at 35 Bellevue Avenue and 11 Brock Avenue both started construction in December 2024 and will respectively create 78 and 42 new rent-geared-to-income homes with wrap around support services for people experiencing or at risk of homelessness. Through a competitive Request for Proposals process, non-profit housing and support services providers have been identified to lease and operate the new buildings once complete. This report requests Council authority to enter into the nominal long-term lease agreements with the selected housing providers described below.

Kensington Market Community Land Trust (KMCLT), in partnership with St. Clare's Multifaith Housing Society, was the successful proponent for 35 Bellevue Ave. KMCLT and St. Clare's each have deep roots in the Kensington community and have extensive experience operating affordable and supportive housing. The site at 11 Brock Avenue will be leased to Parkdale Activity Recreation Centre Toronto (PARC) who was the successful proponent through the City's RFP. PARC has been working in Parkdale for over 20 years to secure affordable housing for the community and has experience operating supportive housing for adults exiting homelessness.

This report requests authority to enter into the nominal long-term sub-lease agreement with PARC for 11 Brock Avenue and KMCLT for 35 Bellevue Avenue as the non-profit housing providers once construction is complete, estimated in early 2026.

2) 175 Cummer Avenue

After significant delay due to appeals of City Council's decision to amend the zoning by-law to permit the creation of 59 new rental homes with supports, construction has begun at 175 Cummer Ave. with site mobilization and fencing erected in Fall 2024. In 2024, the City released an RFP to select a non-profit housing provider to lease and operate the site. WoodGreen Community Housing Inc. has been selected as the successful proponent to operate the building and create new safe, affordable homes for seniors and older adults experiencing homelessness.

This site is owned by TCHC and is subject to a lease between the City and TCHC, which has already been authorized by City Council for a term not exceeding 50 years less a day. This report requests authority to enter into a long-term sub-lease agreement with WoodGreen Community Housing Inc. as the non-profit housing provider once construction is complete, estimated at the end of 2025.

3) 7-9 Wardlaw Crescent

The lands including 7-9 Wardlaw Crescent, (along with 2669-2671 Islington Avenue) were purchased by the City in 2018 as part of efforts to grow the capacity of the shelter

system. The building at 2669-2671 Islington Avenue has operated as a seniors' shelter since that time, while the lands at 7-9 Wardlaw Crescent have remained vacant and uninhabited. The City is proposing to move ahead with the creation of 51 new rent-geared-to-income homes with supports at this location through rapid construction of a 4-storey building using mass timber construction methods. This property was identified as a housing-ready site in [EX9.3](#), adopted by City Council in November 2023.

Subject to City Council approval of a zoning by-law to permit the proposed development, staff recommend selecting a local housing provider group led by Youth Without Shelter (as the head tenant), to lease and operate the new homes, through a non-competitive process. Through early stakeholder engagement undertaken by a City-procured facilitator in 2024, a roundtable of local housing and support providers came together to discuss the need for new affordable and supportive housing in North Etobicoke and establish partnerships across agencies to support the creation of new homes. This roundtable prepared a preliminary proposal, Supportive Housing in Rexdale Etobicoke (SHIRE) that is the basis for the City's consideration of this approach. Youth Without Shelter has been identified as the lead agency and head tenant for this collaborative group which also includes Midaynta Community Services, Rexdale Women's Centre, Delta Family Resource Centre, and Albion Neighbourhood Services.

The non-competitive process is being recommended, subject to City Council approval of a zoning by-law for the development, as the City currently has limited connections to service providers in North Etobicoke operating supportive housing, and these organizations have proposed a model that supports a range of equity-deserving groups that are priorities of the HousingTO Plan, including seniors, youth, and newcomers/refugees. The service model reflected in this collaboration of five organizations would be unlikely to materialize because of a competitive RFP process. This proposal presents a unique, community-based partnership with specialized knowledge of and connections to service providers in the area that are supporting residents in need and experiencing homelessness.

City staff have engaged a third-party facilitator and are launching a multi-channel community engagement process in January, 2025, to inform residents and stakeholders of the proposed new affordable homes, answer their questions, and receive feedback, ahead a zoning by-law amendment being considered by City Council later in 2025. This will include community outreach and notification, in-person community meetings, a Community Liaison to respond to inquiries, and a project webpage available at www.toronto.ca/7-9Wardlaw.

Conclusion

The Rapid Housing Initiative provided significant capital funding to the City since 2020, and is helping over a thousand residents formerly experiencing homelessness find a warm, safe place with the right supports to call home. Adoption of the recommendations in this report will ensure several in-flight supportive housing projects can be completed,

and that applications for new funding to identify more much-needed projects can be made.

Changes made under the new Affordable Housing Fund (AHF) Rapid Housing Substream will reduce the amount of funding available and number of successful projects in Toronto going forward. The City will continue working with the federal government to deliver this new program and submit strong applications in 2025. The City will also continue to work with the Provincial government to sustain and enhance important investments that have been made in wrap-around support services for residents of over 3,000 new supportive homes created since 2020.

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ATTACHMENTS

Attachment 1: Proposed Lease Terms and Conditions

