

Advancing Partnerships with the Community Housing Sector to Build More Affordable and Supportive Homes

Date: February 11, 2026

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat and Executive Director, Housing Development Office

Wards: All

SUMMARY

Since the adoption of the HousingTO 2020-2030 Action Plan, the City of Toronto has taken a leadership role in advancing permanent housing solutions across the housing continuum, including supportive housing. Since 2020, over 1,000 new supportive homes have been built (90% of which were City-led), and over 800 more supportive homes are under construction (27% of which are City-led).

This growth in supply is the result of advocacy on the part of the City and housing and homelessness service providers, and new partnerships with federal and provincial governments and the health and community sectors. A whole of government and whole of community approach has been successful in restarting growth in the supportive housing system in Toronto, even as the broader housing market faces ongoing challenges from high construction costs, supply chain instability, and trade disruptions. However, in comparison to the City's target of approving 18,000 supportive homes by 2030, the progress is lagging.

Through the City's continued advocacy, federal and provincial governments have both made recent investments in supportive housing in Toronto. Build Canada Homes (BCH), the new federal entity responsible for affordable housing, announced an investment of \$21.6 million in funding for the construction of 54 supportive homes in partnership with the City and University Health Network (UHN) in South Parkdale. Additionally, the Province of Ontario has committed \$2.6 million annually in operating funding for support services for this project. This report requests City Council approval to provide City financial support to complement federal and provincial investments, and to enter into required lease and development-related agreements to advance this project to construction start in 2026.

While the City welcomes these investments, the scale of need for a range of affordable and supportive homes continues to outpace what the City can do on its own. Federally, additional capital grant funding will be required to build on the initial \$1 billion announced through BCH to make meaningful progress on building more supportive homes. Growth in supportive housing will also be limited in the absence of sustainable operating funding from the province for wrap around support services. While the announcement of operating funding for Dunn House Phase 2 is welcome, the City has a further outstanding request for approximately \$16 million beginning in 2026, growing to \$23 million in 2027, for over 700 supportive homes under construction and projected to open in the next 24 months. Without dedicated long-term operating funding from the Province, the City will not be able to advance additional supportive housing projects.

Increasing the community housing sector's share of the housing stock is a key component of building a more equitable housing system for current and future generations. Through the Toronto Builds Policy Framework, City Council has set an objective of prioritizing partnerships with community housing providers in the development and/or operations of new affordable and supportive homes built on public land. This goal is now shared with BCH, which has an objective of building the non-market housing sector's capacity nationally.

Advancing this work requires a more efficient and streamlined approach to how the City partners with the community housing sector to develop and/or operate affordable or supportive homes. This report seeks required authorities to establish a pre-qualified list of non-profit and Indigenous housing providers to work with the City on advancing affordable and supportive housing projects. This will complement other City investments in growing the community housing sector, such as the Community Housing Pre-development Fund, launching its second call for applications in Q1 2026.

Continued advocacy and action to build more supportive homes will be informed by learnings from previous supportive housing projects, as well as the results of a supportive housing evaluation which is currently underway. This report provides an preliminary summary of findings arising from this evaluation. The evaluation stresses an urgent need for leadership and long-term investment from all orders of governments in housing, health and social support services to enable the City, and its community housing partners, to strengthen and grow supportive housing in Toronto.

RECOMMENDATIONS

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

Advancing Partnerships to Build New Supportive Homes

1. City Council authorize the Executive Director, Housing Development Office, in consultation with Executive Director, Housing Secretariat to provide capital grant funding from the 2026-2035 Capital Budget and Plan for the Housing Secretariat and the Housing Development Office in an amount not to exceed \$8,100,000 to be used by

the City for the creation of 54 supportive homes on lands leased from the University Health Network ("Dunn House 2").

2. City Council acknowledge the Government of Ontario's announcement of \$2.6 million in operating funding for support services at Dunn House 2, and re-iterate its request that the Government of Ontario maintain its previous commitment to partner with the City of Toronto to create new supportive homes for people experiencing or at risk of homelessness, by:

a. Providing sufficient operating funding for any net new supportive homes, including those funded by Build Canada Homes and any other capital sources;

b. Providing an additional investment of \$16 million in 2026, and \$23 million in 2027 and annually thereafter for housing benefits and support services for over 700 new supportive homes funded and under construction; and

c. Maintaining existing investments through the Homelessness Prevention Program to ensure ongoing stability of housing and supports in occupied supportive homes.

3. City Council authorize the Deputy City Manager, Corporate Services to approve any amendments or additional terms required to finalize the long-term nominal lease with University Health Network for the residential properties as described and authorized in Part 5 of City Council's decision on [Item PH35.21](#) in the report dated June 23, 2022 from the Executive Director, Housing Secretariat and Executive Director, Corporate Real Estate Management, for the purpose of the operation and/or redevelopment of a range of housing including affordable and supportive housing, as deemed appropriate by the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Development Office and Executive Director, Housing Secretariat and in a form satisfactory to the City Solicitor.

4. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Executive Director, Housing Development Office, to select a qualified non-profit housing provider(s) (on either a competitive or non-competitive basis, as determined by the Executive Director, Housing Secretariat) to sub-lease and operate the supportive homes at Dunn House 2, and the affordable homes at the UHN-owned sites referenced in Recommendation 3 above.

5. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Executive Director, Housing Development Office, to negotiate and execute, on behalf of the City, a municipal capital facility agreement(s) (the "Contribution Agreement"), with the non-profit housing provider(s) selected under Recommendation 4 above, for funding and financial incentives and to set out the terms of the operation of affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form satisfactory to the City Solicitor.

6. City Council authorize the Executive Director, Corporate Real Estate Management to enter into a sub-lease(s) with the non-profit housing provider(s) selected under Recommendation 4 above, substantially on the major terms and conditions set out in Attachment 1 to the report (February 11, 2026) from the Executive Director, Housing

Secretariat and Executive Director, Housing Development Office and such other terms as deemed appropriate by the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat and Executive Director, Housing Development Office and in a form satisfactory to the City Solicitor.

7. City Council authorize the Executive Director, Housing Secretariat, or their designate, in consultation with Executive Director, Housing Development Office, to execute, on behalf of the City, any security or financing documents required by the proponent(s) selected under Recommendation 4, as applicable, to secure conventional financing and subsequent refinancing, including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the Contribution 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.

8. City Council authorize the Executive Director, Corporate Real Estate Management and/or the Deputy City Manager, Corporate Services, to execute the agreements relating to nominal lease transactions referenced in Recommendations 3 and 6 above, and any ancillary agreements and documents on behalf of the City of Toronto.

9. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat and Executive Director, Housing Development Office, to negotiate, approve and execute, on behalf of the City, a nominal lease with Homes First Society or a related entity at 805 Wellington Street West - Building A, substantially on the major terms and conditions set out in Attachment 1 to the report (February 11, 2026) from the Executive Director, Housing Secretariat and the Executive Director, Housing Development Office, and such other terms as deemed appropriate by the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat and Executive Director, Housing Development Office, and in a form satisfactory to the City Solicitor.

10. City Council authorize the Executive Director, Housing Secretariat, in consultation with the Executive Director, Housing Development Office, to negotiate and execute on behalf of the City, a Contribution Agreement with Homes First Society or a related entity for 805 Wellington Street West - Building A, 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, or their designate, in consultation with Executive Director, Housing Development Office, to execute, on behalf of the City, any security or financing documents required by the Homes First Society to secure conventional financing for 805 Wellington Street West - Building A and subsequent refinancing, including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the Contribution 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.

Expanding Partnerships with the Community Housing Sector

12. City Council authorize the Executive Director, Housing Secretariat and the Executive Director, Housing Development Office, jointly and severally, to undertake one or more competitive prequalification processes to select Indigenous or non-profit housing organizations (“Non-Profit Delivery Partners”) to be pre-qualified for opportunities to develop, finance and/or operate rent-controlled, affordable, rent-geared-to-income, and/or supportive homes on City-owned and/or City-leased land (“Affordable Housing Projects”) through a second-stage request for proposals process (“Second-Stage RFP”), and to:

- a. establish and maintain one or more pre-qualified list(s) of Non-Profit Delivery Partners (the “Pre-qualified List”) through the prequalification process and add and remove Non-Profit Delivery Partners from the Pre-Qualified List from time to time in accordance with the prequalification process; and
- b. enter into, on behalf of the City, framework agreements with the pre-qualified Non-Profit Delivery Partners to govern the terms of their participation in the Prequalified List, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and the Executive Director, Housing Development Office, and in a form approved by the City Solicitor.

13. City Council authorize the Deputy City Manager, Development and Growth Services, when approving business cases and Non-Profit Delivery Partner selection processes for Toronto Builds Projects in accordance with Item 2025.EX25.1, to approve:

- a. the use of a Second-Stage RFP to select a Non-Profit Delivery Partner from the Pre-Qualified List; or
- b. a non-competitive process to select a Non-Profit Delivery Partner, provided that the Non-Profit Delivery Partner shall be on the Pre-qualified List and that the Deputy City Manager, Development and Growth Services is satisfied that the non-competitive procurement is required for one of the following reasons:
 1. the Affordable Housing Project is required as a result of an emergency which would not reasonably permit a competitive selection process;
 2. the delivery timelines for the Affordable Housing Project would not reasonably permit a competitive selection process without putting funding at risk;
 3. only one Non-Profit Delivery Partner has the necessary expertise or capacity to deliver an Affordable Housing Project;
 4. the selection of an organization other than the applicable Non-Profit Delivery Partner would cause significant inconvenience or substantial duplication of costs for the City; and/or

5. a competitive selection process has been conducted in good faith but has failed to identify a successful Non-Profit Delivery Partner for the Affordable Housing Project, or where the proposals received have been collusive.

14. City Council authorize the Executive Director, Housing Secretariat and/or the Executive Director, Housing Development Office, as applicable, where previously authorized by City Council to undertake any requests for proposals or other competitive processes to select Indigenous or non-profit organizations to develop, finance and/or operate Affordable Housing Projects, to:

a. issue a Second-Stage RFP to select a Non-Profit Delivery Partner from the Pre-qualified List; or

b. select a Non-Profit Delivery Partner on a non-competitive basis provided that the selected Non-Profit Delivery Partner is on the Pre-qualified List, and that the Deputy City Manager, Development and Growth Services is satisfied that the non-competitive procurement is required for one of the following reasons:

1. the Affordable Housing Project is required as a result of an emergency which would not reasonably permit a competitive selection process;

2. the delivery timelines for the Affordable Housing Project would not reasonably permit a competitive selection process without putting funding at risk;

3. only one Non-Profit Delivery Partner has the necessary expertise or capacity to deliver an Affordable Housing Project;

4. the selection of an organization other than the applicable Non-Profit Delivery Partner would cause significant inconvenience or substantial duplication of costs for the City; and/or

5. a competitive selection process has been conducted in good faith but has failed to identify a successful Non-Profit Delivery Partner for the Affordable Housing Project, or where the proposals received have been collusive.

15. City Council authorize the applicable City official(s) to negotiate and enter into any agreements authorized by City Council in respect of Affordable Housing Projects with Non-Profit Delivery Partners selected through the processes outlined in Recommendations 13 and 14 above, on the terms and conditions as set out in the applicable authorization from City Council and such other terms satisfactory to the applicable City official and in a form approved by the City Solicitor.

16. City Council direct the Executive Director, Housing Secretariat and the Executive Director, Housing Development Office to report back to City Council on an annual basis on Non-Profit Delivery Partners selected on a non-competitive basis in accordance with Recommendations 13 and 14.

Property Tax Exemption Approvals for Affordable Rental and Supportive Homes

17. City Council enact a site-specific by-law to authorize the 2 existing rental housing units at 1-3 Strathmore Boulevard as “Affordable Housing” for the purposes of the City of Toronto Municipal Code Chapter 513, Housing Programs.

18. City Council authorize an exemption from taxation for municipal and school purposes for the affordable rental homes as listed and for the periods of time described in Table 1 in the Financial Impact section of the report (February 10, 2026) from the Executive Director, Housing Secretariat, and Executive Director, Housing Development Office. The exemption from taxation for 1-3 Strathmore Boulevard shall be conditional on enacting the site-specific by-law referred to in Recommendation 17 above.

19. 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.

FINANCIAL IMPACT

Recommended Property Tax Exemption

This report recommends an exemption from taxation for municipal and school purposes for a total of six projects as outlined below. Municipal property tax exemptions are recommended for the terms of the agreement (from 40 years to 99 years), with an estimated Net Present Value (NPV) of \$22.3 million. Ongoing municipal property tax exemption is conditional on the successful proponents' compliance with the terms and conditions of the City's Contribution Agreement over the term of the agreement.

Table 1. Estimated Net Present Value of property tax exemption for recommended projects

#	Address	Proponent	Ward	# of Affordable Rental Homes	Affordability Period (year)	NPV of Municipal Tax & City Building Levy	NPV of Education Tax	NPV of Property Tax Exemption
1	300-304 The East Mall - Valhalla Village Phase 2*	KingSett Affordable Housing LP	2 - Etobicoke Centre	71 ¹	40	\$3,142,012	\$554,961	\$3,696,973
2	Dunn House 2	To be selected	4 - Parkdale High Park	54	50	\$2,115,573	\$342,292	\$2,457,865

#	Address	Proponent	Ward	# of Affordable Rental Homes	Affordability Period (year)	NPV of Municipal Tax & City Building Levy	NPV of Education Tax	NPV of Property Tax Exemption
3	2636-2654 Eglinton Ave. W.*	Keeli Li Properties Inc.	5 - York-South Weston	86	40	\$3,898,476	\$673,694	\$4,572,170
4	805 Wellington Ave. - Building A	Homes First Society (subject to approval of this report)	10 - Spadina Fort York	80	50	\$3,106,770	\$492,821	\$3,599,591
5	775-783 Vaughan Rd. & 670-680 Northcliffe Blvd.*	Northcliffe Project LP	12 - Toronto-St. Paul's	117	50	\$6,438,337	\$1,001,274	\$7,439,610
6	1 & 3 Strathmore Blvd. and 17 & 19 Dewhurst Blvd. ²	Wigwamen Inc.	14 - Toronto - Danforth	5 ²	99	\$490,809	\$63,547	\$554,356
Total				413		\$19,191,975	\$3,128,590	\$22,320,565

* Approved through the Rental Housing Supply Program- Affordable Rental and Rent-Controlled Housing Incentives Stream (RHSP - ARRCHI) for waivers of planning application fees, building permit fees, Development Charges, Parkland Dedication Fees, Community Benefit Charges, under delegated authority by 2024.PH13.8 (where not provided through provincial legislation).

¹PH23.5 provided an exemption from property taxes for 129 affordable rental homes. The project has since been approved under the RHSP to deliver 200 affordable rental homes. The exemption is now being requested for the additional 71 affordable rental homes not previously approved.

²MM33.27 provided a waiver of building permit fees and planning application fees associated with up to three affordable rental homes, which addresses any fees resulting from the property renovations or construction of the two laneway suites.

Recommended Capital Funding Allocation

Dunn House 2 will provide 54 supportive homes for people experiencing homelessness who are also UHN patients with high volumes of emergency department visits and in-patient admissions. In January 2026, BCH announced \$21.6 million in funding for the construction of this project. Additionally, the Province of Ontario has approved \$2.6 million annually in operating funding for support services for this project, upon completion. Subject to adoption of this report, the City will provide up to \$8.1 million in capital funding to support the start of construction for these supportive homes in 2026.

The funds are included in the 2026-2035 Capital Budget and Plan of the Housing Secretariat and Housing Development Office.

CreateTO, on behalf of the City of Toronto, will lead the delivery of these supportive homes including site due diligence, procuring consulting firms to secure required planning approvals, and procuring a builder to construct the homes.

Project	Proponent	Ward	# of Supportive Homes Proposed	Maximum Capital Funding Recommended
Dunn House 2	CreateTO	4– Parkdale – High Park	54	\$8,100,000

There are no incremental financial impacts arising from the establishment of the pre-qualified list of non-profit delivery partners. Operating funding provided to the non-profit organizations selected to enter Contribution Agreements to operate Affordable Housing projects will be included in annual Operating budget submissions of the Housing Secretariat.

Required intergovernmental investments in supportive housing and impacts on homelessness

Toronto continues to face ongoing housing and homelessness crises that have been decades in the making. On its own, the market will not create the new rental homes, particularly RGI and supportive homes, needed to respond to homelessness.

Increased capital and operating investments are required for the City to make meaningful progress in meeting its HousingTO target of approving 18,000 supportive homes. While the \$1 billion commitment through Build Canada Homes for supportive and transitional housing over the next five years is a positive step, City Council has previously requested the federal government allocate significantly more capital grant funding to build supportive housing, of at least \$1.5 billion on an annual basis.

This report also reiterates a previous Council request for additional operating funding from the province for wrap-around support services in over 700 new supportive homes under construction and intended to open in 2026 and 2027. An estimated \$16 million is required in 2026, rising to \$23 million in 2027, to fund these supports and ensure these homes can reduce pressure on the City’s shelter system and hospitals. Without dedicated long-term operating funding from the Province, the City will not be able to advance any additional supportive housing projects. Further, additional investments in health, mental health and addictions, and long-term care systems are also critical to improving the health and well-being outcomes of vulnerable Toronto residents who rely on supportive housing.

When considering item EX27.1 – Impacts of Provincial Legislation that Weakens Rental Protections, Council directed staff to report back with an estimate of the proportion of homelessness in Toronto that is due to the decisions of the federal and provincial

government. While determining an actual figure or proportion is not possible, Toronto is facing significant funding uncertainty from other orders of government for existing commitments. This uncertainty threatens the City's ability to address the housing and homelessness crises and risks increasing homelessness further. Delays and cuts to operating funding for critical programs such as supportive housing under the Homelessness Prevention Program (HPP), the Interim Housing Assistance Program (IHAP), and Canada-Ontario Housing Benefit (COHB), have placed tremendous strain on the City's ability to provide critical supports to some of its most vulnerable residents. Additionally, legislative changes, such as the adoption of the provincial Bill 60, weaken rental protections and erode the security of tenure for renters.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

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 with the inclusion of Toronto Housing Charter, 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. Subject to approval, this report will support that City's prioritization through the HousingTO Action Plan, of advancing non-profit and Indigenous led affordable and supportive housing developments. This report will also more broadly support advancement of on the City's supportive housing targets to provide rent-geared-to-income homes with wrap-around supports based on a Housing First approach.

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.

DECISION HISTORY

At its meeting on November 12-13, 2025, City Council adopted the 2024-2025 Annual Progress Report on the HousingTO 202-2030 Action Plan which provided an update on City's progress on approving 18,000 supportive homes by 2030.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.PH25.4>

At its meeting on November 12-13, 2025, City Council requested the Executive Director, Housing Secretariat to provide a report to City Council on the proportion of homelessness in Toronto that is due to the decisions of the federal and provincial governments.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.EX27.1>

At its meeting on October 8-9, 2025, City Council authorized up to three affordable rental housing units on the Property at 1 & 3 Strathmore Blvd. and 17 & 19 Dewhurst Blvd to be eligible for waivers of building permit fees and planning application fees

<https://secure.toronto.ca/council/agenda-item.do?item=2025.MM33.27>

At its meeting on July 23-24, 2025, City Council considered the report "From Concept to Construction: Creating More Homes Across the Housing Continuum." Through this report City Council authorized waivers of planning application fees, building permit fees, Development Charges, Parkland Dedication Fees and Community Benefit Charges for projects approved through the Rental Housing Supply Program, including projects identified in this report.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.PH23.5>

At its meeting on May 21-22, 2025, City Council considered and adopted the Toronto Builds Policy Framework to harmonize the development of a range of rental homes and mixed-income communities on public land. City Council provided authority to staff to apply this framework to projects on City-owned land listed in Attachment 1 of the report including 805 Wellington St W. The report also requesting staff to consult with Homes First Society during due diligence on the redevelopment at this site to inform design of any proposed supportive housing use.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.PH21.4>

At its meeting on February 5, 2026, City Council considered Item PH18.6 – Progress on Building More Supportive Homes, which outlined the City's progress to date and made capital and operating funding requests of the federal and provincial government.

<https://secure.toronto.ca/council/agenda-item.do?item=2025.PH18.6>

At its meeting on February 7-8, 2023, City Council considered a report on "Creating New Affordable and Supportive Homes for People Experiencing Homelessness" and provided direction to staff conduct and report back on an evaluation of supportive housing and a plan for continuous improvement of the City's supportive housing program.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.PH1.9>

At its meeting on July 19, 20, 21, and 22, 2022, City Council considered item PH35.21 - "Advancing Affordable and Supportive Housing Projects, Programs and Initiatives" which previously authorized entering into a long-term nominal lease with University Health Network (UHN) for the residential properties also named in this report.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.PH35.21>

At its meeting on October 27-30, 2020, City Council approved and authorized staff to proceed with a unique housing partnership with UHN to utilize land owned by UHN create new permanent supportive housing in the Parkdale neighbourhood for

structurally vulnerable and marginalized individuals, including people experiencing homelessness. City Council provided direction and authority to proceed with steps to complete the appropriate due diligence on the house-form properties for the purposes of creating new affordable rental and supportive housing opportunities.

<https://secure.toronto.ca/council/agenda-item.do?item=2020.PH17.4>

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 a leadership role in the creation of new supportive and rent-geared-to-income homes for people experiencing or at risk of homelessness, particularly since the adoption of the HousingTO 2020-2030 Action Plan. Since 2020, over 1,000 new supportive homes have been created (90% of which were City-led) and over 800 more supportive homes are under construction (27% of which are City-led). A further 2,400 supportive housing opportunities have been created since 2020 by layering support services on top of rent-geared-to-income homes operated by Toronto Community Housing Corporation (TCHC) and Toronto Seniors Housing Corporation (TSHC).

This report advances a number of initiatives related to supportive and affordable housing, as well as partnerships with the community housing sector, including:

- Advancing key components of the Social Medicine Initiative in partnership with UHN and United Way Greater Toronto (UWGT) in South Parkdale that will also deliver new supportive housing solutions;
- Growing partnerships with community housing providers to improve how the City works with the sector on the development and operations of a range of RGI, supportive, affordable, and rent-controlled homes;
- Approving property tax exemptions for 413 new affordable rental homes in development (as outlined in the Financial Impact section);
- Providing Council with an update on an evaluation underway of the City's supportive housing programs; and
- Making intergovernmental funding requests critical to the successful delivery of supportive housing.

Advancing Partnership with University Health Network and Dunn House 2

Under a Memorandum of Understanding (MOU) executed in 2019, the City of Toronto, UHN and UWGT are working together to advance the Social Medicine Initiative, aimed at integrating housing, health and social service systems to improve housing and health outcomes for vulnerable and marginalized populations.

The social medicine supportive housing development at 90 Dunn Ave. ("Dunn House") was the first project delivered under this partnership on UHN-owned land. Operated by Fred Victor, Dunn House provides 51 rent-g geared-to-income, supportive homes with integrated social medicine health services for its residents, who are also UHN patients with a high volume of emergency department visits and in-patient admissions, and a history of chronic homelessness. This project is demonstrating positive outcomes in improving health and well-being for tenants while reducing pressure on the UHN hospital system. Its success is due to creative partnership across sectors and the strong support from the local Parkdale community.

As part of advancing this partnership, City Council directed staff in 2020 to undertake a community visioning exercise with the unincorporated South Parkdale UHN Tenants Association (SPUHNTA), who represent the tenants of the UHN-owned residential properties in South Parkdale. The results of this community visioning process are included in a report being considered at the February 26, 2026 meeting of the Planning and Housing Committee.

A key milestone in this partnership is the City and UHN entering into a nominal long-term lease for the residential properties owned by UHN in South Parkdale (specifically the properties at 74 and 82 Dunn Avenue, 1, 3, 5, 7, 9, 11, 13, 15 and 17 Close Avenue, and 74 and 78 Springhurst Avenue, collectively the "UHN-owned sites"). In 2022, City Council authorized staff to enter into this lease in accordance with major terms provided to Council. This report authorizes City staff to continue negotiations and approve amendments or additional terms required to execute the lease for the purposes of the operation and/or redevelopment of the lands for a range of new homes including affordable and supportive homes.

Under this partnership, the City will be responsible for identifying a new non-profit housing provider(s) for the UHN-owned sites, and for Dunn House 2. The City will also be able to plan for the eventual redevelopment of the lands to build a range of new rental homes, including affordable and supportive homes, in alignment with the MOU and the community vision and design principles co-developed by the City, UHN, and SPUHNTA (subject to adoption by City Council). Once the lease is executed, staff will consider adding this site to the Toronto Builds portfolio of sites delivering new affordable homes on public land.

City staff will consult with UHN and SPUHNTA throughout the process of selecting the non-profit housing provider(s), anticipated to be completed by Q3, 2026. Once the City and UHN execute the lease agreement, the non-profit housing provider will immediately sub-lease the tenanted residential properties from the City in accordance with terms and conditions in Attachment 1, and support the existing tenants, represented by SPUHNTA.

This report also recommends City Council approve \$8.1 million in City capital funding to support the delivery of Dunn House 2. This complements the federal investment of \$21.6 million through BCH announced on January 20, 2026. Dunn House 2 will provide 54 supportive homes for people experiencing or at risk of homelessness, including

seniors and older adults, who are also UHN patients with high volumes of emergency department visits and in-patient admissions.

The adoption of this report will ensure the funding, financial incentives, and authorities are in place for the City to advance this high priority supportive housing development.

Non-profit partnership for the Toronto Builds site at 805 Wellington St. W.

805 Wellington St. W. is a City-owned building that previously was operated by Homes First Society as “Strachan House”, providing supportive and rent-gear-to-income homes for over 80 residents. Due to extensive repairs required at this property, previous residents of Strachan House were relocated in 2022 through a partnership with Toronto Shelter Support Services (TSSS) and Homes First. The redevelopment of the site is now advancing under the Toronto Builds Policy Framework, and the City and CreateTO are undertaking pre-development due diligence to create a new mixed-income community, including affordable and supportive homes.

As part of the site's redevelopment and in recognition of the urgent need for more supportive homes, the City will prioritize the delivery of supportive homes in Phase One of the project. This staff report requests City Council authority to select Homes First as the future housing provider of 805 Wellington Ave. W. - Building A for the purpose of operating supportive housing, and to enter into applicable agreements, including a nominal lease, in accordance with terms and conditions in Attachment 1.

Homes First Society was identified through a non-competitive process as the organization with the experience, and operational and financial capacity to lease and operate this property. Homes First operates 26 properties and supports over 2,500 individuals daily, and has demonstrated they have the financial capacity to successfully manage and operate a large and growing portfolio. Homes First successfully operated a program at this location from 1996 to 2022, and have been supporting the City and CreateTO on the redevelopment vision for this site. As the redevelopment is entering the design phase, securing Homes First's role in the future operations of the site will enable them to have input on the design process and ensure the new homes meet the needs of their tenants and staff.

Establishing a Roster of Qualified and Experienced Community Housing Providers¹

Almost 80% of Toronto's purpose-built rental stock is owned by the private sector. Strengthening and shifting Toronto's housing system to deliver more non-market homes is central to the City's expanded HousingTO Plan, adopted in 2023 with Item EX9.3 – “Advancing a Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes.” Council's position is consistent with [research from Scotiabank economists](#) indicating Canada needs to double its share of social housing stock to meet the OECD and G7 average. The City has placed a renewed focus on public and non-profit delivery of housing projects, but other orders of government need

¹ Community housing providers refers to non-profit housing organizations (including land trusts), non-profit housing co-operatives (“co-ops”), and Indigenous housing providers

to take stronger measures to support community housing providers to increase their capacity to build, acquire and operate new homes. Notably BCH, the new federal affordable housing entity, includes the growth of the country's non-market housing sector as a key objective.

The City currently has 252 rent-controlled housing projects in its pipeline, with 80 projects having a community housing provider engaged in either a development or operations capacity. Through the Toronto Builds Policy Framework, a city-wide approach has been established to redevelop public land for a range of rental and affordable homes. Toronto Builds prioritizes partnering with community housing providers in the development and/or operation of new affordable homes. As the City continues to advance sites in the Toronto Builds portfolio, there is a need for a new streamlined and efficient approach to select community housing providers that can develop, finance and operate new homes delivered on public land.

The City is launching an invitation process to prequalify multiple experienced community housing providers with demonstrated capacity to develop, finance, and/or operate rent-controlled, affordable, RGI and supportive homes. Through this invitation, the City will assess the qualifications, experience, and financial capacity of organizations. All applicants will be required to be prequalified in the operations of affordable rental housing. In addition, applicants may request to be pre-qualified for development opportunities, and/or for supportive housing opportunities. The City will work in consultation with Indigenous partners, the Toronto Alliance to End Homelessness, and the Toronto Supportive Housing Network in establishing this roster.

As opportunities arise to develop and/or operate affordable and supportive housing projects over the next four years, the City intends to give those prequalified through this invitation the opportunity to make proposals for specific projects through a second-stage selection process. At this stage the City will assess an organizations' capacity, specific proposals, and plans related to taking on an individual affordable housing project. This report recommends that second stage selection processes be undertaken either through a competitive request for proposals process, or under certain conditions through a non-competitive process.

As outlined in Recommendations 13 and 14, a non-competitive process would be permitted in limited instances, including where:

- the project is required as a result of an emergency which would not reasonably permit a competitive process;
- the delivery timelines for the project would not reasonably permit a competitive selection process without putting funding at risk;
- there is only one Non-Profit Delivery Partner with the necessary expertise or capacity to deliver a project;
- the selection of an organization other than a specific Non-Profit Delivery Partner would cause significant inconvenience or substantial duplication of costs for the City; and/or
- a competitive process has been completed but failed to identify a successful proponent.

The use of a non-competitive process would only proceed once the Deputy City Manager, Development and Growth Services is satisfied that one of these conditions have been met. These criteria have been developed in consultation with the Purchasing and Materials Management Division and are consistent with the City's Purchasing By-law provisions related to non-competitive solicitations. In addition, this report recommends ensuring the pre-qualified list can be leveraged both for affordable housing projects previously approved by Council which contemplated an RFP, as well as any upcoming affordable housing projects within the Toronto Builds portfolio.

While this new roster will be established in 2026 and maintained for a period of up to four years, the City also intends to create opportunities for additional organizations to apply throughout this four-year term, as their experience and capacity grow and meet the City's minimum requirements.

This new process responds to feedback the City has received from non-profit housing providers over the last few years. The creation of a roster will lead to a faster and less resource intensive procurement process to identify and select community housing provider partners, both for the City and the sector. This approach will enable the City to identify and work more quickly with experienced providers, responding rapidly to opportunities that may arise through funding from other orders of government, including BCH which continues to place an emphasis on the rapid delivery of projects. This initiative complements the City's new Community Housing Pre-development Fund which supports the growth of community housing stock in Toronto and the capacity of the sector, which has a second call for applications launching in Q1 2026.

Supportive Housing Evaluation Preliminary Results

Supportive housing is a key part of the housing continuum providing rent-geared-to-income homes with wrap-around support services to help tenants maintain housing stability and improve their health and well being. Supportive housing is largely an area of provincial responsibility, with multiple ministries providing funding to a range of programs. Since 2020, the City has taken an enhanced role in the creation of new supportive homes through multiple strategies, including building new supply and layering on supports to available, vacant homes. This leadership has been paired with ongoing advocacy to the federal government to provide capital grant funding, and the province to support these efforts by providing operating funding for wrap-around support services.

Approach to Evaluation

The City launched an evaluation in 2024, and selected Blueprint ADE as the third-party consultant to lead the evaluation through competitive process. The primary focus of the evaluation is to assess the impact of the City's new supportive housing programs delivered since 2020 on tenant housing stability and well-being, consider strengths and opportunities for improvement, and develop recommendations for all orders of government to strengthen supportive housing programs. The evaluation considered both permanent supportive housing sites, and supportive housing opportunities created through the Rapid Rehousing Initiative with TCHC and TSHC. Approximately twenty

permanent supportive housing sites and over 2,000 units were in scope for the evaluation.

As part of the evaluation, Blueprint completed quantitative data analysis, held focus groups with 55 tenants with lived experience, held focus groups with 38 frontline staff and supervisors from housing providers, administered an online survey of 24 housing and support providers, and completed a jurisdictional scan and evidence review. Targeted engagement approaches (including three key informant interviews with Indigenous support providers, and one tenant and one provider focus group) were held with Indigenous housing providers and tenants by an experienced Indigenous consultant.

Summary of Preliminary Findings

While the evaluation is not yet complete, this section summarizes several key findings of the evaluation.

1. Supportive housing is achieving its core goal of providing housing stability for tenants, and Toronto compares well to other jurisdictions.

Recognizing that housing is fundamental to health and well-being, a core goal of supportive housing is to keep tenants housed and prevent returns to homelessness. The evaluation found strong evidence that this objective is being achieved. The evaluation found that in permanent supportive housing only 3.6% of tenants returned to shelter within one year of being housed, and 6.7% returned after two years. Through the Rapid Rehousing Initiative, only 1.5% of individuals returned to shelter within the first year of tenancy, and 3.2% within two years.

Another way to assess housing stability is to measure the “retention rate”, which considers the percentage of tenancies that are sustained over a given time. Toronto’s permanent supportive housing sites had a retention rate of over 93% after the first year of tenancy. Importantly, these measures do not account for whether an exit from supportive housing was positive – e.g. a move to another home with less or no supports, or reuniting with family.

The measures above compare well against benchmarks in research and other jurisdictions. Among jurisdictions assessing return to shelter rates (such as Seattle, U.S., and Aberdeen, Scotland), rates of return to shelter after two years in supportive housing range from 12% to 20%, well above Toronto’s rate of 6.7%. Most jurisdictions using retention rate measures (including Los Angeles, U.S., and Perth and Brisbane, Australia) report between 65% and 96% retention rates after the first year; Toronto’s retention rate of over 93% falls in the top of this range indicating strong housing stability outcomes.

2. Tenants report meaningful improvements in quality of life.

Tenants consulted through focus groups and surveys shared seeing improvements to their quality of life that indicate supportive housing contributes to broader well-being outcomes beyond housing stability. In addition to the stability of having an affordable

home, most tenants reported improved physical and mental health, greater ability to get support with day-to-day needs, increased autonomy and independence, and re-establishment of relationships with friends and family as key positive outcomes of supportive housing.

Tenants emphasized that consistent relationships with building and support staff, and access to tailored supports particularly around mental health care, were important to experiencing these positive outcomes.

3. Deeper demographic analysis may reveal opportunities to improve program outcomes for specific groups.

As part of the evaluation, the City is assessing whether demographic characteristics or other factors, such as chronicity of homelessness, have an impact on tenant housing stability. Interim findings suggest slightly higher rates of return to shelter among youth (under age 25) and those who are assessed as having higher support needs. Further analysis and qualitative engagement is being completed to better understand these trends and identify recommendations.

4. Providers have deep expertise in supporting tenants, but can face challenges with needs changing over time.

Providers demonstrated expertise and commitment to serving all tenants, particularly those with high support needs. Many housing providers shared concrete examples of how their staff go above and beyond within limited resources, and also work to connect tenants to hospitals, crisis supports, and other services. Building trust with tenants, particularly those who have experienced long periods of homelessness, was among the most important ingredients of success, but often requires many months of gradual relationship building.

Providers also highlighted that tenant needs often change over time, including as tenants stabilize in housing after spending significant periods of time in shelter or sleeping outside. Staff noted a need for programs and funding arrangements to be flexible to respond to how needs change and not be fixed based on assessments at the point of intake into a program.

5. Strains and resource limitations across other systems, including health, mental health care, and long-term care systems, impact supportive housing and tenant outcomes.

Interim findings from the evaluation emphasize that supportive housing works within and alongside other publicly funded systems including primary care, mental health care, substance use and treatment services, long-term care, and others. Providers emphasized that a key challenge is capacity limits, waitlists, and access barriers in helping tenants access these other systems. Persistent gaps exist around physical and mental health care, substance use treatment and recovery, and services for people with physical and intellectual disabilities.

Providers serving older adults and seniors described long-term care as a significant system gap, citing tenants who require higher levels of care but cannot access long-

term care due to long waitlists or other barriers. Some providers describe continuing to support older tenants with very high needs, despite not being trained or resourced to function as a long-term care setting. Improving the service connections across these systems, and broader investment in reducing wait times and adding capacity were seen as necessary actions that would also enhance tenant outcomes in supportive housing.

Interim findings and recommendations will be shared with the Housing Rights Advisory Committee at its meeting of February 20, 2026. City staff are also engaging housing providers, the Toronto Indigenous Community Advisory Board (TICAB), and other sector stakeholders in reviewing the interim findings and recommendations. A final report including recommendations will be provided to the City and shared with stakeholders across the supportive housing system later in 2026.

Need for Enhanced Intergovernmental Partnership

The City's success to-date in advancing supportive housing solutions is the result of critical partnerships with federal and provincial governments, community housing providers and health sector partners. However, the scale of need requires greater investment and action from provincial and federal governments, along with the health and social services sector. While the City is committed to exploring additional supportive housing development opportunities, there is an urgent need for sufficient capital funding from the federal government and sustained long-term operating funding from the provincial government to build on the momentum achieved since 2020. Without provincial operating funding, growing the supply of supportive homes in Toronto will not be possible.

As Toronto continues to face ongoing housing and homelessness crises that have been decades in the making, the City will continue to expand its innovative partnerships with health sector, community housing providers, and across governments, and work to strengthen the role of the community housing sector in building and operating new rent-controlled, affordable, and RGI homes for current and future generations.

CONTACT

Matt Hilder, Director (A), Housing Policy & Strategy, Housing Secretariat
416-392-6249, Matt.Hilder@toronto.ca

Aviva Levy, Director, Housing Development Office
416-338-0624, Aviva.Levy@toronto.ca

Alison Folosea, Director, Real Estate Services
416-338-2998, Alison.Folosea@toronto.ca

SIGNATURE

Doug Rollins
Executive Director, Housing Secretariat

Hugh Clark
Executive Director, Housing Development Office

ATTACHMENTS

Attachment 1 – Proposed Lease/Sub-Lease Terms and Conditions

ATTACHMENT 1 – PROPOSED LEASE/SUB-LEASE TERMS AND CONDITIONS

The following is a summary of the recommended major terms and conditions of the Lease/Sub-Lease with the Tenant(s)/Sub-Tenant(s) of 805 Wellington Ave. W. – Building A., the UHN-owned Sites, and Dunn House 2

Proposed	Terms and Conditions
Tenant(s)/Sub-Tenant(s)	<ol style="list-style-type: none"> 1) 805 Wellington St. W. Building A – Homes First Society 2) UHN-owned sites – To be selected 3) Dunn House 2 – To be selected
Landlord/Sub-Landlord	City of Toronto
Term	50 years less a day
Leased Premises	Affordable rental housing building(s) containing dwelling units, amenity or programming spaces, and/or offices for onsite staff.
Commencement Date	<ol style="list-style-type: none"> 1) 805 Wellington St. W. – on or around Q4 2028 2) UHN-owned Sites – on or around Q3 2026 3) Dunn House 2 – on or around Q2 2028
Basic Rent	\$2 per annum
Additional Rent	The Tenant/Sub-Tenant is responsible for all taxes, the cost of all utilities, the cost of the Tenant's/Sub-Tenant's insurance, and all of the other costs and expenses of maintaining and operating the Premises, its services, equipment and facilities.
Net Lease/Sub-Lease	The Landlord/Sub-Landlord shall not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Premises including, without limitation, the Building, or the use and occupancy thereof, or the contents thereof, and the Tenant/Sub-Tenant shall pay all charges, impositions, costs and expenses of every nature and kind whatsoever relating to the Premises and the use thereof by the Tenant/Sub-Tenant including, without limitation, the costs of all insurance and all Taxes, save and except as is otherwise provided for in the Lease/Sub-Lease and/or the Contribution Agreement with the City of Toronto, as well as all costs and expenses incurred with respect to any shared facilities or reciprocal agreement affecting the Premises (if applicable).

Proposed	Terms and Conditions
Use	The Tenant/Sub-Tenant shall use, manage and operate the Premises solely, continuously and actively for the sole purpose of providing affordable rental housing, together with all ancillary uses which may include the provision of support services for tenants.
Tenant's/Sub-Tenant's Right to Mortgage	The Tenant/Sub-Tenant shall not mortgage the Premises without the consent of the Landlord/Sub-Landlord, which consent may not be unreasonably withheld.
Assignment/Subletting	Except for the purposes of entering into residential tenancies, the Tenant/Sub-Tenant shall not transfer or sublet all or any part of the Premises for the whole or any part of the Term without obtaining the prior written consent of the City. The Tenant/Sub-Tenant may transfer all or part of the Premises to another entity associated with or controlled by the Tenant/Sub-Tenant and acceptable to the City. No assignment by the Tenant/Sub-Tenant shall be effective until the Transferee has entered into an agreement directly with the City, in a form satisfactory to the City, whereby the assignee expressly agrees to assume all of the obligations and liabilities.
Indemnity	The Tenant/Sub-Tenant shall indemnify and save harmless the City from any and all costs, expenses, claims, actions and losses of every nature and kind whatsoever and of and from all liabilities of every nature and kind whatsoever in connection with the Premises and the Lease/Sub-Lease, whether accrued, actual, contingent, except to the extent such damages, claims or demands are caused by the negligence or misconduct of the City or those for whom it is responsible at law.
Tenant's/Sub-Tenant's Insurance	<p>At all times during the Term and any renewal thereof, the Tenant/Sub-Tenant at its own expense, shall take out and keep in full force and effect:</p> <p>(a) all risks insurance (including flood and earthquake) property insurance in an amount equal to one hundred (100%) percent of the full replacement cost, insuring all property owned by Tenant or for which Tenant is legally liable or installed by or on behalf of Tenant, or located on the Premises including, without limitation, leasehold/sub-leasehold improvements, chattels, furniture, stock, brewery equipment, office equipment, retail store and restaurant equipment, pressure vessels, mechanical and electrical equipment, fixtures, contents, the building and any other buildings and structures erected on the Premises, with coverage against all risks of physical damage.</p>

Proposed	Terms and Conditions
	<p>(b) comprehensive general liability insurance including tenant's legal liability, owners' and contractors' protective, products, completed operations, intentional bodily injury for the protection of persons or property, personal injury, contractual liability, incidental medical malpractice, employer's liability, broad blanket contractual liability, occurrence property damage, and provisions for cross liability and severability of interests with limits of not less than Ten Million Dollars (\$10,000,000.00) per occurrence;</p> <p>(c) standard owner's automobile liability insurance with limits of not less than Two Million Dollars (\$2,000,000.00) in respect of any one accident; and</p> <p>Any other insurance requested by the City, acting reasonably.</p>
Repairs and Maintenance	<p>The City shall not be obliged to furnish any services, maintenance, repairs or facilities to the Leased/Sub-Leased Premises, it being agreed by the Tenant/Sub-Tenant that the City shall not at any time during the term of this Lease/Sub-Lease be required or called upon to make any repairs in or to the Premises of any nature or kind whatsoever.</p>
Building Condition Assessment (BCA) and Reserve Fund	<p>Prior to the Commencement Date, a BCA of the UHN-owned Sites will be conducted. The Tenant/Sub-Tenant shall conduct a BCA of the Premises in the Fifth Lease Year/Sub-Lease Year and thereafter will conduct a BCA of the Premises every five (5) years during the term.</p> <p>The Tenant/Sub-Tenant shall open a Reserve Fund Account and shall deposit sufficient funds to establish at the end of each Lease Year the annual amount required in the most recent BCA, or if a BCA has not been conducted within five (5) years, shall deposit an amount equal to five per cent (5%) of the aggregate annual effective gross income (including all subsidies) from the Premises.</p> <p>The Tenant/Sub-Tenant may, with the prior written approval of the City, withdraw amounts from the Reserve Fund Account to fund capital repairs.</p>