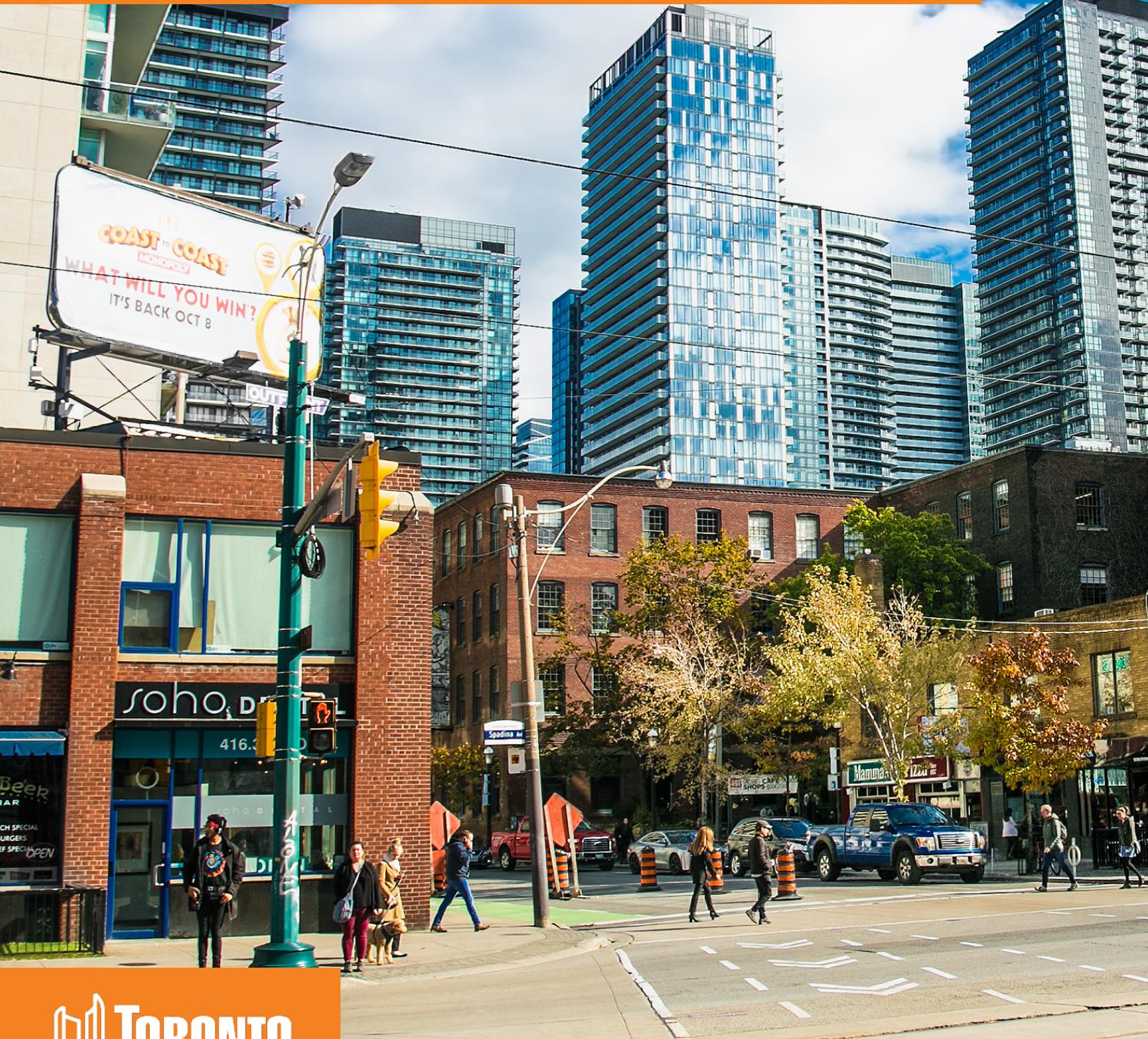


# City of Toronto Social Bond Newsletter June 2021



## A Message from the Chief Financial Officer and Treasurer



As the Chief Financial Officer and Treasurer, I am pleased to introduce the City of Toronto's first-ever Social Bond Newsletter, your source of information about the City's Social Bond Program. Toronto is the first government in Canada to establish a Social Bond.

Following the release of the Social Bond Framework in 2020, the City successfully issued its first \$100 million social bond, which was awarded "Social Bond of the Year – Local Authority/Municipality" at the 2021 Environmental Finance Bond Awards.

The proceeds from this issuance are being used to help fund Shelter, Support and Housing Administration's [George Street Revitalization](#) project and [Shelter Beds](#) project.

The Social Bond Program demonstrates the City's commitment to advancing positive social action and sustainability for all people in Toronto. Eligible projects are capital projects for various social initiatives, including social and affordable housing, affordable basic infrastructure, access to essential services, and socioeconomic advancement and empowerment.

In March 2020, a State of Emergency was declared for the City of Toronto, enacting the City's COVID-19 pandemic response to help save lives and livelihoods. The pandemic has highlighted a clear need to address pre-existing systemic socioeconomic inequities. COVID-19 has served as a catalyst to strengthen collaboration with other governments and develop innovative solutions to deliver City services faster and more efficiently to key populations. We need to continue to address these issues, keeping them at the forefront of our thinking.

By investing in projects that enhance social outcomes, with a 10-year capital budget of \$44.7 billion, opportunities for the City to make a sustainable difference are myriad. In the face of competing challenges and priorities, the City will continue to lead with a sense of purpose. With support from our partners and investors, we will continue to innovate and lead transformation to ensure we nurture a prosperous, inclusive and livable city, with a high quality of life for its residents now and in the future.

I want to thank staff across the City who have put so much work into achieving these significant goals. In the face of competing challenges and priorities, we will continue leading with a sense of purpose, ensuring that the City is making a positive impact when it comes to social priorities.

Sincerely,

A handwritten signature in blue ink, appearing to read "Heather Taylor".

Heather Taylor  
Chief Financial Officer and Treasurer  
City of Toronto

[Visit the City of Toronto website to learn more about the program.](#)

# Strong Commitment to Finance Social Programs

## Approach to Sustainable Finance

-  **1** Alignment to the City's Strategic Plan
-  **2** Alignment of Useful Life, Debt Term, and Lookback Period
-  **3** Generates measurable impact

## Social Bond Framework

### Use of Proceeds:

- Affordable and Social Housing
- Affordable Basic Infrastructure
- Access to Essential Services
- Socioeconomic Advancement and Empowerment

### Impact Reporting:

- Annual newsletter

### Second Party Opinion:



## Alignment to Corporate Strategic Plan Priorities



- Maintain and create housing that's affordable
- Keep Toronto moving
- Invest in people and neighborhoods
- Maintain a well-run City

# The Social Bond Framework

## Assurances

- “City of Toronto’s Social Debenture Framework is incredible and impactful, and aligns with the four core components of the Social Bond Principles 2018.”

— Sustainalytics



## Selection Process of Eligible Projects

- Capital Markets Division selects eligible projects in consultation with internal and external expert stakeholders.
- The lookback period to allocate bond proceeds to eligible projects is three years from the time of project completion.
- Eligible projects must be included in the Council-approved Capital Budgets and verified by external legal firm.

## Management of Proceeds

- Majority of capital projects funded by bond proceeds have been completed or are substantially complete.
- Bond proceeds will be applied directly to project to repay temporary funding for the project.
- Debenture bylaw is enacted at the time of issuance which lists the dollar allocation of bond proceeds to specific capital projects.

## Eligible Capital Projects

- Social and affordable housing - new development and/or capital repair projects.
- Affordable basic infrastructure.
- Access to essential services.
- Socioeconomic advancement and empowerment.

## Impact Reporting

- Annual newsletter to address both funding allocation and sustainability impact reporting.

# Toronto's First Social Bond (June 2020)

As a part of the City of Toronto's overall capital borrowing program, the City initiated a Social Bond Program in 2020 to align with the City's vision and strategic priorities in promoting positive and equitable socioeconomic outcomes. Toronto is the first government in Canada to establish a Social Bond Program, furthering its leadership in sustainable finance.

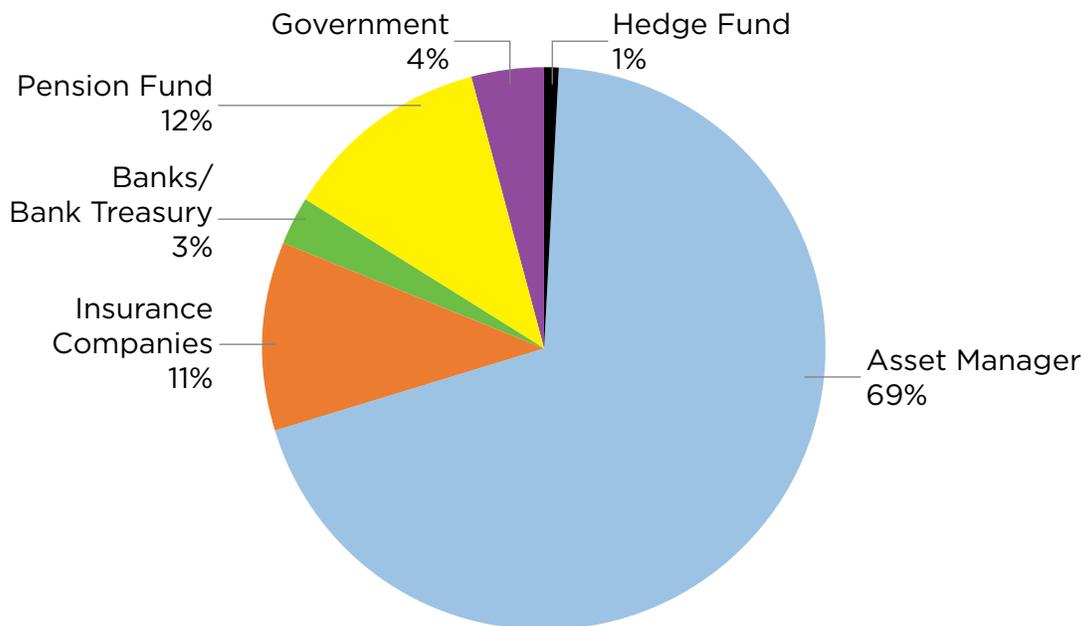
The City of Toronto was awarded "Social Bond of the Year - Local Authority/Municipality" at the 2021 Environmental Finance Bond Awards for the City's inaugural social bond in 2020. The "Social Bond of the Year" award is a first-of-its-kind recognition in Canada's public sector. The City's Social Bond Framework was verified by Sustainalytics, a global leader in environmental, social, and governance research and ratings. This verification ensures the City's framework aligns with the International Capital Markets Association Social Bond Principles. This strong framework, along with detailed impact reporting, is being recognized as a template for other municipalities.



The award marks the City as a leader in the green, social, and sustainability bond and loan markets.

Following the release of the Social Bond Framework, the City successfully issued a \$100 million bond with a 10-year maturity in June 2020. Expressions of interest for this bond were exceptional, with strong interest from the environmental, social, and governance (ESG) community. This issue was four times oversubscribed with a wide placement distribution to 36 institutional investors located across Canada, the United States, and Europe.

## Investor Type



# 2020 Social Bond - Use of Proceeds

Net proceeds from the 2020 Social Bond issue funded eligible projects for the George Street Revitalization and the Housing & Shelter Infrastructure Development (formerly known as the 1000 Shelter Bed Initiative).

Project Name	Funds Allocated (\$000s)	Funds Disbursed (\$000s)	% Disbursed	Funds to be Disbursed (\$000s)	% to be Disbursed
George Street Revitalization	\$48,144	\$48,144	100%	\$-	0%
Housing and Shelter Infrastructure Development	\$51,856	\$48,671	94%	\$3,186	7%
<b>Total</b>	<b>\$100,000</b>	<b>\$96,815</b>	<b>97%</b>	<b>\$3,186</b>	<b>3%</b>

George Street Revitalization	Eligible Categories
<b>1</b> No Poverty 	Social and Affordable Housing
<b>3</b> Good Health and Well-Being 	
<b>4</b> Quality Education 	Access to Essential Services
<b>8</b> Decent Work and Economic Growth 	Socioeconomic Advancement and Empowerment
<b>9</b> Industry, Innovation and Infrastructure 	
<b>11</b> Sustainable Cities and Communities 	

Housing and Shelter Infrastructure Development Project	Eligible Categories
<b>3</b> Good Health and Well-Being 	Access to Essential Services
<b>4</b> Quality Education 	
<b>8</b> Decent Work and Economic Growth 	Socioeconomic Advancement and Empowerment
<b>9</b> Industry, Innovation and Infrastructure 	
<b>11</b> Sustainable Cities and Communities 	

# Accelerating the Implementation of the HousingTO 2020-2030 Action Plan

The last decade has brought rapid change to the local and regional housing markets. While the housing market has boomed in recent years, at the same time it has left an increasing number of lower and moderate-income residents in an environment where rental and ownership costs have surpassed affordability levels.

Implementation of the HousingTO 2020-2030 Action Plan will assist over 341,000 Toronto households across the housing spectrum through new strategic City investments directed to:

- Enhancing eviction prevention measures;
- Maintaining and sustaining the Toronto Community Housing Corporation;
- Establishing a pipeline to support the creation of 40,000 affordable rental and supportive homes through a public/private/non-profit land banking strategy;
- Helping homeowners stay in their homes and purchase their first homes; and
- Supporting in-home care and long-term care options for seniors.



## HOUSING T.O. ACTION PLAN

Less than eight months ago, City Council adopted the initiative in urgent response to the pandemic.

Housing built in months, not years is an incredible feat and true testament to our committed partners who are equally intent on increasing the accessibility of housing in Toronto.

# Funding the HousingTO Action Plan

During the next decade, the City of Toronto will have to continue to step up its actions while calling for significantly more action and funding commitments from the federal and provincial governments. Implementation of the full 10-year HousingTO Plan is estimated to cost the three orders of government a combined \$25.6 billion.

The federal and provincial governments will be required to invest a combined \$14.9 billion. Ongoing annual funding for operating costs will also be required to provide housing benefits and support services to help residents in affordable and supportive housing. To-date, approximately \$13 billion in funding remains unsecured.

The City will invest \$8.5 billion over 10 years, with over \$2 billion already committed through capital and operating funding (public debt financing is one of the funding sources) and other financing tools. Social bonds are an effective addition to the City's toolbox to help alleviate the funding gap for implementation of the HousingTO plan. The remaining \$6.5 billion is subject to Council approval through the City's annual budgeting process.

## City of Toronto Pandemic Response Key Accomplishments

### Shelter and Housing

Moved more than **3,500 people throughout the emergency shelter system** to achieve physical distancing – achieved through opening of 40 new, temporary shelter and hotel locations.



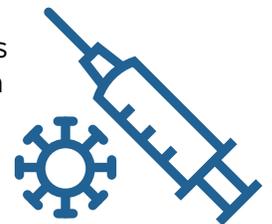
Permanently housed more than **3,200 people** who were homeless through a combination of housing allowance and rent-geared-to-income units.



Provided more than **\$6 million in additional funding to shelters, 24-hour respites and drop-ins run by partner agencies** for infection prevention and control, personal protective equipment, wage increases and extended hours of service.



Worked with health care partners to **establish dedicated isolation and recovery programs** with medical supports for people experiencing homelessness to isolate and recover from COVID-19 and **prioritize vaccine mobile clinics** and pop-up vaccination centres at shelters.



# Increasing the Supply of Affordable and Supportive Housing

In addition to working with federal and provincial governments, the City also has partnerships established with multi-faith, non-profit, and private organizations to leverage their land and assets to increase the supply of affordable and supportive housing.

**The City currently has approximately 87 affordable housing projects in the pipeline representing about 10,676 affordable units that will be completed by 2026. In addition to providing affordable homes for over 25,600 people, these affordable housing projects are expected to create over 26,700 jobs.**

In December 2020, City Council approved a staff report, which outlined a plan for the City to create approximately 1,248 new affordable and supportive homes within the next 12 months, using budgeted funds previously allocated to creating new shelter beds, as well as Federal Rapid Housing Initiative funding. This is a major milestone for the City in recognizing the social, economic and health benefits of permanent affordable housing and integrated support services.

The HousingTO Action Plan is also aligned with TransformTO, the City's climate action strategy. TransformTO's implementation improves building performance and energy efficiency, which lowers building operating costs and creates a higher quality living environment for residents.



# Impact of Housing and Emergency Shelter



## Safety

Housing creates stable environments for all people, including at-risk children, youth, adults and survivors of domestic violence, to feel safe.

Shelters provide access to essential services for vulnerable people when they need it and keep people safe.

Safety is a cornerstone of improving all other outcomes.



## Social and Community

Good quality housing and neighbourhoods promote health and wellbeing that improves health outcomes.

Shelters and housing provide access to health services that improve health outcomes for clients.

Health is essential to improving all other outcomes.



## Health

Good quality housing provides a personal environment for social activities with friends and family.

Stabilizing and improving social and community outcomes in turn improves health outcomes.



## Education

Stable and affordable housing reduces absenteeism and parental stress and improves educational outcomes.

Education in turn improves economic outcomes.



## Empowerment

Shelters provide access to services that improve mental health, wellbeing, and feelings of empowerment, which then contributes to improved economic, educational, and health outcomes.



## Economic

Stable housing improves the economic status of individuals and families.

Improved economic outcomes provide stability, sustainability, and resources that enable housing and shelters to serve those most in need.

## George Street Revitalization and Housing and Shelter Infrastructure Development project

In 2020, the City issued its inaugural \$100 million sinking fund social debenture. The George Street Revitalization (\$48.2 million raised) and the Housing and Shelter Infrastructure Development project (formerly known as the 1,000 Shelter Beds initiative; \$51.8 million raised) were two capital projects funded through the City's first Social Impact Bond.

New shelters are designed to promote dignity, comfort, and choice, and to support shelter users in moving to permanent housing. They are compliant with the most recent accessibility legislation, with 20 per cent of new spaces designed to be accessible. This includes providing accessible rooms, beds, bathrooms, and amenities.

New shelters meet all applicable legislation, including the updated [Toronto Shelter Standards](#) and the [Shelter Design & Technical Guidelines](#). Wherever possible, accessibility features, exterior client areas, multi-use common areas, and built-in community space are included. The new shelters are built to be more sustainable, durable, and resilient in design and include a focus on reducing greenhouse gas emissions, and energy use, and conserving resources.



Junction Place Men's Shelter at 731 Runnymede Road. Each resident at the new shelter has a bed, a locker. The facility is pet friendly.

# George Street Revitalization and Housing and Shelter Infrastructure Development project



Current day Seaton House building located at 339 George Street.

## George Street Revitalization

The George Street Revitalization project (GSR) will see the reinvention of the northernmost block of Toronto's George Street and transform Seaton House men's shelter into a world-class facility that provides specialized care for vulnerable populations. It will include a long-term care home, a transitional living facility, an emergency shelter, housing, and a community hub that will serve residents of both the site and the local neighbourhood.

The GSR raised \$48.2 million through the City's 2020 Social Bond. This comprised 69.5 per cent of the total amount spent for the project by the end of 2020.

## Housing and Shelter Infrastructure Development project (formerly 1,000 Shelter Beds initiative)

On February 12, 2018, City Council adopted Report EX31.2 "2018 Capital and Operating Budgets" and requested the General Manager of the Shelter, Support and Housing Administration to expand the number of permanent new shelter beds by 1,000 over three years.

As a part of a divisional shift in focus towards housing, the 1,000 Shelter Bed initiative has been renamed the "Housing and Shelter Infrastructure Development project" (HSID). The project will no longer create 1,000 shelter beds but a combination of shelter and housing spaces.

The HSID raised \$51.8 million through the Social Bond. This comprised 92 per cent of the total amount spent for the shelter beds project by the end of 2020.

## More About the Projects

### George Street Revitalization and the Seaton House Transition Plan

[George Street Revitalization](#) is central to the City's drive to improve homelessness services. It will see Seaton House, the City's largest men's shelter, located on George Street in the downtown east area of Toronto, demolished and replaced with a new facility that provides:

- a long-term care home with 378 beds;
- a 100-bed emergency shelter for men;
- an innovative 130-bed, "transitional living" program for men and women who require more intensive health care and substance use support;
- a service hub for program clients as well as members of the surrounding community; and
- 21 units of affordable housing with supports.

Seaton House, located at 339 George Street is a 581-bed emergency shelter for homeless men. The homeless men staying at Seaton House experience a wide variety of complex health, mental health and addictions issues. Seaton House was built in 1959 as an office building and was not constructed for residential use. The aging structure is reaching the end of its serviceable life and needs to be replaced. The revitalization plan involves:

- the relocation of 400 shelter beds to new program spaces; and
- housing current Seaton House clients with the assistance of Housing Allowances and Supportive Housing units with Habitat Services and other service providers and agencies.

Seaton House is expected to be fully decommissioned by July 2022. The target completion date for the construction of the new build is 2026.



Health Clinic – 731 Runnymede Road Shelter



Dining Area – 3306 Kingston Road Shelter

## More About the Projects

### Housing and Shelter Infrastructure Development project (formerly 1000 Shelter Beds initiative):

- One of the key priorities is to expand services for equity-seeking groups across the City.
- New sites will open with an enhanced housing focused service model:
  - ◆ Sites will be open 24-hours, have accessible spaces, offer all-gender amenities, and be pet friendly.
  - ◆ Access to community services including health services and employment sources.
  - ◆ Individualized service plans to help clients move into housing.
  - ◆ Where possible, shared community programming spaces will be created.
- The target completion date of 2024.
- In 2021, two shelters and two expansions with a total capacity of 239.
- In 2022, one drop-in centre with 35 overnight resting spaces.
- In 2024, one new shelter with a capacity of 77.
- Results to date: one temporary and four permanent new shelters – 601 beds.
  - ◆ 45 beds for seniors
  - ◆ 55 beds for women
  - ◆ 51 beds for youth
  - ◆ 250 beds for families
  - ◆ 200 temporary beds
- Upcoming: one Indigenous shelters, two co-ed shelters, and an expansion of two existing sites.



348 Davenport Road Women Shelter



2671 Islington Senior Shelter – multi-use common area

# Impact Metrics

Project Financed	Use of Social Bond Proceeds (\$ Million)	% of Issuance to Total Project Budget Spent To Date	Shelter Sites Opened, and to be Opened	Projected Shelter Bed Capacity	Individuals Transitioned from Shelters to Housing
George Street Revitalization and Seaton House Transition Plan Project	\$48.2	69.5%	+5	+347	+307
Housing & Shelter Infrastructure Project (formerly 1000 Shelter Beds Initiative)	\$51.8	92%	+8	+757	+285

# The Impact of the First Toronto Social Bond



## SDG Impacts

	1 No Poverty	3 Good Health and Well-Being	4 Quality Education	8 Decent Work and Economic Growth	9 Industry, Innovation and Infrastructure	11 Sustainable Cities and Communities
Deliver adequate homes	✓	✓		✓		✓
Provide affordable housing	✓	✓				✓
Housing for vulnerable groups	✓	✓				✓
Adequate housing quality		✓				✓
Livable communities	✓	✓	✓	✓	✓	✓
Local partnerships	✓	✓	✓	✓	✓	✓

## Planned Future Capital Work

Project	Estimated Funding	Estimated Timeframe
George Street Revitalization and Seaton House Transition Plan Project	+\$550 million	Over the next 5 years
Housing & Shelter Infrastructure Project (formerly 1000 Shelter Beds Initiative)	+\$112 million	Over the next 3 years
Pivot to Housing	+60 million	Over the next 2 years
State of Good Repair (SOGR) for Shelters	+32 million	Over the next 10 years
Accessibility for Ontarians with Disabilities Act (AODA) initiatives and projects	+10 million	Over the next 4 years



MAYOR JOHN TORY  
JAN 25-31 2021

# EMERGENCY SHELTER AND HOMELESSNESS SERVICE WORKER APPRECIATION WEEK

PROCLAMATION

WHEREAS this week recognizes emergency shelter workers and homelessness service workers and the essential role they play in caring for those in need.

Emergency shelter workers and homelessness service workers compassionately work to collectively deliver Toronto's 24-hour homelessness services, including shelters, 24-hour respite sites, drop-ins and the temporary shelters and hotels opened as part of the City's COVID-19 response. They also work to provide essential support to those living outside.

Thousands of dedicated workers deliver services to individuals living outside and at over 100 emergency shelter programs that operate around the clock, seven days a week. These programs provide critical supports for vulnerable residents in our city.

During the pandemic, our emergency shelter and homelessness service workers have played a vital role in our City's response to COVID-19 and have helped ensure that vulnerable populations in our city are being cared for during a time of great need. I want to thank all the emergency shelter workers and homelessness services workers in our city who have been on the frontlines during the COVID-19 pandemic. They are an important part of the efforts made thus far in helping Toronto residents throughout the pandemic. This week is an opportunity to honour their dedication and commitment to serving vulnerable homeless populations each day.

NOW THEREFORE, I, Mayor John Tory, on behalf of Toronto City Council, do hereby proclaim January 25 – 31, 2021 as 'Emergency Shelter Homelessness Service Worker Appreciation Week' in the City of Toronto.

## City of Toronto Contacts



**Randy LeClair, CFA**  
Director, Capital Markets  
Office of the CFO and Treasurer  
100 Queen Street West  
East Tower, 7th Floor  
Toronto, Ontario, M5H 2N2  
416-397-4054  
[Randy.LeClair@toronto.ca](mailto:Randy.LeClair@toronto.ca)



**Betsy Yeung, CFA, FRM**  
Manager, Investments, Capital Markets  
Office of the CFO and Treasurer  
100 Queen Street West  
East Tower, 7th Floor  
Toronto, Ontario, M5H 2N2  
416-392-6302  
[Betsy.Yeung@toronto.ca](mailto:Betsy.Yeung@toronto.ca)