

## **A Housing Pledge for the City of Toronto**

**Date:** April 13, 2023

**To:** Planning and Housing Committee

**From:** Chief Planner & Executive Director, City Planning

**Wards:** All

### **SUMMARY**

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As part of an initiative timed with Bill 23, *More Homes Built Faster Act, 2022* ('Bill 23'), on October 25, 2022, the Minister of Municipal Affairs and Housing requested that the City of Toronto commit to a Housing Pledge to facilitate the construction of 285,000 new homes by 2031 ('Housing Target'). Toronto's Housing Target is a component of the 1.5 million new homes province-wide described in ERO 019-6171, 2031 Municipal Housing Targets.

This report seeks Council's endorsement of Toronto's Municipal Housing Pledge and describes the strategies and actions the City will take to achieve its Housing Target through the Housing Action Plan 2022-2026 Work Plan and HousingTO 2020-2030 Action Plan ('HousingTO Plan') among other initiatives. The Housing Pledge and Housing Target is non-statutory and does not replace the population and employment forecasts in *A Place to Grow, Growth Plan for the Greater Golden Horseshoe*. While municipalities are not requested to update their growth management strategies and/or their Official Plans to reflect the Housing Target, the City of Toronto strives to meet or exceed this objective.

Toronto is a growing city experiencing a housing and homelessness crisis. Not only does Toronto need many more homes to be affordable for those earning a median income, it must also improve access to subsidized supportive and affordable housing for people experiencing homelessness. In addition to existing unmet demand, new housing pressures are being created through population growth and an increasing number of newcomers, in line with new federal immigration targets.

The Housing Target of 285,000 homes by 2031 represents an ambitious goal that is designed to serve as a call to action for both the City, other orders of government, and its stakeholders. Achieving this figure will require Toronto's rate of annual home completions to effectively double over recent trends.

This report describes the actions and strategies being implemented to accelerate the delivery of market and affordable housing, including:

- Official Plan, Zoning and Guideline Amendments
- Intensification of Major Growth Areas
- Advancing Housing System Policy and Program Initiatives
- Training and Trades Strategy Addressing Construction Market Capacity
- Leveraging Public Land to Increase the Supply of Housing
- Preserving the Existing Rental Housing Stock
- Public Accountability and Reporting on Progress

The City will continue to deliver the Open Door program, Housing Now, and Modular Housing Initiative to enable the development of new affordable and supportive rental and ownership housing. In addition, the City is implementing development review process efficiencies and organizational changes to reduce barriers to development and to speed up approvals to enable housing starts.

By affirming the Housing Pledge and implementing the initiatives described in this report, the City of Toronto will take significant steps toward transforming the delivery of new homes. While the City can undertake a leadership role within our jurisdiction, we will require additional support from other orders of government and the active participation of the development and community sectors. The City has limited control over the output of the housing production process and must rely on the market to build a greater volume and diversity of housing.

Creating new homes to meet the needs of Toronto's current and future households depends on the City's ability to provide the critical infrastructure and services to support them. Given the significant fiscal impacts and constraints imposed by Bill 23, the Province has a responsibility to provide the required financial support to deliver necessary community infrastructure. Additionally, access to Canada's Infrastructure Bank funding to support infrastructure for residential development projects would help align shared outcomes.

The City also needs the federal and/or provincial governments to allow for rental housing zoning, waive federal and provincial charges on development (such as HST/GST), provide surplus government land for building purpose-built rental including affordable and supportive housing, and direct taxes collected through Non-Resident Speculation Tax and Underused Housing Tax to affordable housing among other actions within their respective jurisdictions.

Corporate Finance and the Housing Secretariat were consulted in the preparation of the report.

## **RECOMMENDATIONS**

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The Chief Planner and Executive Director, City Planning, recommends that:

1. City Council affirm its commitment to achieving the City of Toronto's 2031 Housing Target.

2. City Council direct the Chief Planner and Executive Director, City Planning, to draft a Housing Pledge Letter based on this report.
3. City Council authorize the Deputy Mayor to sign Toronto's Housing Pledge Letter and request the City Clerk forward the signed Housing Pledge Letter to the Minister of Municipal Affairs and Housing, along with this report and the Housing Action Plan 2023-2026 Work Plan attached to EX3.1 - Housing Action Plan 2022-2026- Priorities and Work Plan.
4. City Council request the Province to fulfill its commitment to making the City financially whole to offset the fiscal impacts of Bill 23.
5. City Council request the Chief Planner and Executive Director, City Planning, to report back to Council no later than October 11, 2023 on further steps to support the 101,000 rental homes currently proposed and not yet built, and to determine the proportion of the Housing Target that needs to be composed of affordable rental and ownership homes to meet the demand for affordable housing options.

## **FINANCIAL IMPACT**

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As described in the Financial Impact Statement for the Housing Action Plan report (EX3.1), it is critical to note that the City's ability to continue to deliver on the HousingTO Plan and Housing Action Plan, and to fund other housing programs plus the needed community infrastructure to support new housing, is currently at high risk due to the significant financial impacts arising from the recently enacted provincial Bill 23, *More Homes Built Faster Act, 2022* ('Bill 23'). Specifically, Bill 23 has removed the City's ability to collect development charges for housing services, resulting in approximately \$1.2 billion in lost revenues over 10 years.

In the absence of the City being fully reimbursed by the Province for the lost revenues as a result of Bill 23, and without new financial and policy tools, the City will not be able to provide the services and investments essential to support growth even in the short term, deliver housing programs necessary to scale up supply, respond to the needs of residents, and plan for complete communities.

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

## **DECISION HISTORY**

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On March 21, 2023, Executive Committee adopted Item EX3.1 Housing Action Plan 2022-2026- Priorities and Work Plan. This report details the City's work plan for the approval and implementation of a wide range of actions, policies and programs to increase the supply of housing within complete, inclusive and sustainable communities with the infrastructure necessary to support growth. It also includes the report from the Rental Housing Opportunities Roundtable that identifies clear actions that are

necessary from all three orders of government to meet the demand for rental homes with rental housing supply.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX3.1>

On December 14, 2022, City Council adopted Item CC2.1- 2023 Housing Action Plan, which directed that the City Manager to develop a Housing Action Plan for the 2022-2026 term of Council that will support the City in achieving or exceeding the Provincial Housing Target of 285,000 new homes over the next 10 years.

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

On July 5, 2022, Planning and Housing Committee adopted Item PH35.14 Our Plan Toronto: Land Needs Assessment. This report summarizes the findings of Toronto's Land Needs Assessment, a component of the Municipal Comprehensive Review, and demonstrates the City's long-term housing potential can accommodate the population growth anticipated by the Growth Plan for the Greater Golden Horseshoe, 2020.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.PH35.14>

## **EQUITY IMPACT STATEMENT**

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The City of Toronto recognizes that housing is a fundamental human right affirmed by international law and essential to the inherent dignity and well-being of its residents and is committed to the right to adequate housing as laid out in the City's Housing Charter. Access to housing is the foundation for building healthy, equitable, prosperous, and livable communities.

Through Toronto's Housing Pledge and the implementation of the Housing Action Plan and HousingTO Plan, the City will support under-housed residents and dismantle regulatory barriers that constrain housing options. The initiatives being advanced will increase the supply of all forms of housing, and help provide access to safe, suitable, and affordable homes.

## **COMMENTS**

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### **Housing Target and Pledge**

The City of Toronto has historically supported the delivery of a range of housing options. Both the Official Plan and the HousingTO plan demonstrate the City's commitment to creating diverse, inclusive, mixed-use complete communities.

Bill 23, *More Homes Built Faster Act, 2022* received Royal Assent on November 28, 2022. To support Bill 23, the Ministry of Municipal Affairs and Housing assigned 2031 Municipal Housing Targets to 29 lower and upper tier municipalities in Southern Ontario through an [Environmental Registry for Ontario Notice 019-6171](#), posted on October 25, 2022. The 2031 housing targets are based on current population and 2011 - 2021 growth trends in the largest and fastest growing municipalities with a population

projected to be over 100,000 by 2031. Toronto's Housing Target is by far the most ambitious target.

On that same day, a letter was received from Minister Steve Clark addressed to the City Clerk requesting the City of Toronto deliver a Housing Pledge (see Attachment 1). In his letter, Minister Clark asks the City of Toronto to "demonstrate its commitment to accelerating housing supply by developing a Municipal Housing Pledge and take the necessary steps to facilitate the construction of 285,000 new homes in your community by 2031".

To help Toronto prepare its Municipal Housing Pledge to achieve the assigned Housing Target, an information sheet was appended to Minister Clark's letter. The information sheet describes how the Housing Pledge is intended to be an accessible document that clarifies Council's commitment to the Housing Target and contains a "non-exhaustive list of potential strategies and actions".

## **Toronto is a Growing City with a Housing Crisis**

Toronto has experienced a prolonged housing crisis that has resulted in under-housing and affordability challenges for many households. For example, the recent report from the Renters Roundtable suggested that there are in fact two differing housing crises experienced by Torontonians. One is faced by average/moderate income workers needing more affordable rental homes, and the other is the shortage of supportive and affordable rental homes for people experiencing homelessness and with lower income:

- 1 in 3 of Toronto's owner and renter households (373,965 households or 32%) experienced affordability issues and almost one in five Toronto households (215,225 households or 19%) were in core housing need (per the 2021 Census).
- 135,000 households live in dwellings with too few bedrooms to suit their size and demographic composition (per the 2016 Census, and [Right-Sizing Housing and Generational Turnover](#)).
- An estimated 10,274 people actively experienced homelessness in the last three months within the City of Toronto (January 2023).

In addition to existing unmet demand, new housing pressures are being created through natural demographic factors, the de-coupling of incomes from the increasing cost of living, stagnant social assistance rates, and increased federal immigration targets.

## **Breaking Down the Housing Target**

Over the past decade, the majority of housing completions were condos in mid and high rise buildings. There is an acute shortage of purpose-built rental homes, including homes affordable to low and moderate income households.

The City, as part of this Housing Pledge, is taking steps to ensure the new supply of homes meets the needs of current and future households in terms of tenure, affordability, and number of bedrooms.

Analysis undertaken in the [Right-Sizing Housing and Generational Turnover](#) bulletin estimated Toronto's future unmet housing demand by unit type and tenure. Under a 'business as usual' rate of production from 2016 to 2051, Toronto could have a shortfall of 98,000 to 114,000 rental units (or approximately 2,800 - 3,260 rental homes per year). Other studies, such as the [Purpose-Built Rental Housing in the Greater Toronto Area](#), forecast that more than 300,000 rental homes are needed in the GTA in the next decade to respond to the backlog and meet future needs.

The [Right-Sizing Housing and Generational Turnover](#) bulletin also estimated a shortfall of 56,000 to 75,000 units with three or more bedrooms, and 77,000 to 79,000 ground-related units. In contrast, it is estimated Toronto could have a surplus of zero to two-bedroom units, apartments, and ownership units. The City will continue to review Planning applications from a tenure and type perspective to ensure the City prioritizes applications that support the shift needed to offset these shortfalls. This includes continuing to deliver funding programs that support the creation of new affordable rental, ownership, and supportive homes.

There are 101,000 purpose-built rental homes in Planning applications that are under review or not yet built. While the City cannot currently zone for rental housing or require development applications for purpose-built rental housing be built as rental housing, it is critical to leverage all tools available to the City to ensure the proposed units reach completion. In addition, the Housing Target will be further reviewed to determine the proportion of the Housing Target that needs to be composed of affordable rental and ownership homes to meet the demand for affordable housing options.

## **Doubling Toronto's Rate of Housing Production**

The Housing Target of 285,000 homes by 2031 is an ambitious goal that would represent a 23% increase in Toronto's housing supply within just 10 years. To put this in perspective, achieving this target would require adding more housing units than currently exist in North York, which had 261,453 dwellings as of 2021.

Achieving this target requires a whole-of-community and whole-of-government approach throughout the process from planning application to final unit occupancy.

Toronto's population is forecasted to grow by 253,000 between 2021 and 2031 with the number of potential housing units described in the [Land Needs Assessment](#) adopted by Planning and Housing Committee in July 2022. An updated Land Needs Assessment will be considered by Planning and Housing Committee on April 27, 2023. As described in the Land Needs Assessment, Toronto's population is on track with the forecasts in Schedule 3 of the Growth Plan for the Greater Golden Horseshoe. However, to meet the 2031 Housing Target, Toronto would need to grow at twice this rate, achieving the 2041 Growth Plan housing forecast a full decade early in 2031 (see [Greater Golden Horseshoe: Growth Forecasts to 2051, Hemson Consulting, p. 62](#)).

Achieving the Housing Target would require the market to deliver the completion of 31,050 homes each year through to 2031, approximately double the number of units built from 2007 to 2022 (see Table 7, [Development Pipeline Bulletin 2022 Q2](#)). Amidst challenging market conditions, the goal of doubling housing production in Toronto is a

significant hurdle. More work is needed by staff to understand the trends that impact the likelihood of an approval becoming a built unit and to identify if any further supporting steps can be taken by the City.

## **Progress Towards Achieving 285,000 Homes**

Approvals are the first and necessary step to get right in meeting the Housing Target. Although people cannot live in an approval, the City has taken actions towards enabling more housing by improving approval processes, reducing uncertainty by modernizing zoning, removing barriers to intensification, and advancing growth-supportive Secondary Plans. As shown in Table 17 of the [Development Pipeline Bulletin 2022 Q2](#), from January 1, 2021, to June 30, 2022, an estimated 25,500 units had been completed net of demolitions. The Development Pipeline contains 87,191 net new units in submitted projects that have final Planning approval (Notice of Approval Conditions) and 98,465 units in projects that have reached their first Planning approval. An additional 373,515 units are in development proposals that are under review. With 8.5 years remaining from June 30, 2022, to achieve the Housing Target, the Development Pipeline contains a potential supply of 584,570 housing units; more than twice the Municipal Housing Target.

Compared to average annual completions, Council typically grants first planning approval to 186% of the completed housing units per year, and 143% of the completed housing units per year receive final planning approval. When added to existing completions, a continuation of the recent rate of first approvals would see the City achieve 98% of the necessary approvals to support the Housing Target by 2031. Alternatively, if the recent annual volume of final approvals were considered, the City would achieve 77% of the necessary approvals to support the Housing Target by 2031.

In addition, to help increase the supply of housing and remove barriers, City Council has approved zoning by-law amendments to eliminate most minimum parking standards and introduced as-of-right zoning permissions for multi-tenant housing, secondary suites, garden suites, and laneway suites. In addition, minimum densities have been established in Protected Major Transit Station Areas, along with accompanying affordable housing requirements through Inclusionary Zoning (subject to Provincial approval).

In response to Bill 109, the City has taken steps to transform the development review process through a new team-based operating model, comprised of staff from various divisions and review partners. A focus on a more coordinated review process will aim to reduce administrative burden, support better workflow and timeline management, and enable more effective monitoring of performance indicators.

The City currently has a limited role in the direct delivery of housing (e.g., supportive housing including modular housing development). However, the City has a role in funding and incentivizing housing projects that meet the City's priorities in the type of housing supply that is most needed.

The City, through programs such as Housing Now, Open Door, Rapid and Modular Housing Initiatives, and Multi-unit Residential Acquisition (MURA) Program supports

Indigenous, non-profit, and private housing organizations to deliver purpose-built rental, affordable rental and ownership, and supportive housing.

## **Toronto's Housing Pledge**

In pursuit of achieving the 2031 Housing Target of 285,000 units, Toronto is advancing the Housing Action Plan 2022-2026. On March 21st, 2023, Executive Committee adopted the Priorities and Work Plan Report for the Housing Action Plan (EX3.1). This report provides details on the actions and strategies being implemented to increase the supply of housing within complete and infrastructure-supported communities. Further information on each of the following initiatives is described in the Housing Action Plan 2022-2026 Priorities and Work Plan Report.

### *Official Plan, Zoning and Guideline Amendments*

- Expanding Housing Options in Neighbourhoods – enabling as-of-right zoning for multiplexes in Neighbourhoods and walk-up apartments on Major Streets.
- Avenues and Mixed Use Areas - policy, zoning and guideline changes to simplify approvals and facilitate the development of mid-rise buildings along Avenues and in Mixed Use Areas.
- Transition Zones - supporting additional housing opportunities between areas of different scales, such as Neighbourhood and Mixed Use Area land use designations.
- Official Plan Updates to Support Inclusive Growth - a review of the Official Plan vision and key principles, and Neighbourhood and Apartment Neighbourhoods policies.
- Simplified and Modernized Zoning By-law for Low-rise Residential Zones – taking steps to transform the City-wide Zoning By-law towards form-based zoning, focusing on the external characteristics of a building.
- As-of-Right Zoning for Major Transit Station Areas – a review to implement as-of-right zoning permissions for lands within walking distance of a transit station.
- Facilitating Apartment Infill – identifying opportunities for adding rental density to existing apartment sites.

### *Intensification of Major Growth Areas*

- Reviewing large planned developments to ensure housing density is optimized, including Quayside, Villiers Island, Downsview, and the Portlands. Combined, these areas encompass hundreds of hectares and could accommodate nearly 150,000 people at full build-out.

### *Advancing Housing System Policy and Program Initiatives*

- Housing Opportunities Roundtable – facilitate regular meetings of a roundtable to encourage a greater supply of purpose-built rental housing.
- Community Housing Modernization and Growth – identify opportunities to advance non-profit and co-op affordable rental homes and protect existing community housing on City-owned lands.
- Affordable Housing Program Updates – review the Housing Now Initiative, the Open Door Affordable Rental Housing Program, and the Home Ownership



Assistance Program to address current market realities, financial impacts of Bill 23, and other changes in federal and provincial programs

#### *Training and Trades Strategy Addressing Construction Market Capacity*

- Work with stakeholders and partners to advance training and skilled trades strategies to address the construction labour shortage with a focus on equity, diversity, and inclusion.

#### *Leveraging Public Land to Increase the Supply of Housing*

- Housing Now Sites – advance the development of mixed-income communities near transit on identified Housing Now sites, and through the Housing Action Plan assess opportunities to increase residential density.
- Collaboration with Post-Secondary Institutions – through the HousingTO Plan and Academic Institutions Working Group, connect with Toronto's post-secondary institutions to support an increase in the supply of affordable student housing opportunities.
- Work with School Boards – advance real estate redevelopment strategies to intensify school sites, providing community centres and modernized education facilities alongside market and affordable housing.

#### *Preserving the Existing Rental Housing Stock*

- Support programs and policies aimed at preserving tenancies and affordable rental stock, including the City's Multi-Unit Residential Acquisition Program, Renoviction Policy, Housing-At-Risk-Table, and rental housing replacement policies.

#### *Public Accountability and Reporting on Progress*

- Housing Dashboard - develop a publicly available database to track affordable rental units approved, under construction, built, demolished, and replaced.
- Housing Action Plan Monitoring – monitor progress towards the Housing Action Plan objectives, reporting back to Council at a minimum annually.

### **Requests to the Federal Government**

The federal Government has a strong role in increasing the likelihood of new rental homes being a significant part of the delivery of the Housing Target. It will be necessary for them to refocus the National Housing Strategy programs to ensure they work effectively in Toronto, including supporting an HST waiver/deferral, increasing grants, adding flexibilities to existing programs, and underwriting policies.

### **Request for Further Actions of the Province**

Through the Housing Pledge, the City is committed to tackling the housing crisis by delivering more homes faster in a greater variety of forms and locations. To support the City of Toronto in this objective the Province is requested to advance a number of regulatory changes that the City has previously requested.

- Limit appeals of municipally-initiated Official Plan and Zoning By-law Amendments.

- Provide a decision on the MTSA and PMTSA delineations previously submitted for Ministerial approval.
- Allow zoning with conditions to enable the City to secure purpose-built rental housing as part of individual site-specific zoning by-laws.
- Invest in critical infrastructure to supplement the capital funding shortfall resulting from Bill 23.
- Introduce a time limit on planning approval entitlements to incent development-ready sites to advance to construction.
- Maintain the City's ability to require rental replacement.
- Retain the long-range population and employment forecasts of A Place to Grow in the new Planning policy instrument.

While Toronto must grow rapidly to meet the Housing Target, this growth must be balanced by corresponding investments. In response to the fiscal impacts of Bill 23, Minister Clark has stated that the Province is committed to ensuring municipalities are kept whole for any impact to their ability to fund housing-enabling infrastructure. To meet the Housing Target and maintain a consistent quality of life, the Province has a responsibility to deliver on this commitment.

## **Conclusion**

We all have a shared responsibility in meeting the 2031 Housing Target. Turning plans and projections into occupied homes at the scale proposed is no small undertaking. Many factors outside of the City's jurisdiction are currently impacting the construction of new housing supply, including a shortage of labour, interest rates, inflation, access to material and supplies, and capital availability. Given the City does not have full control over the output of the housing production process, achieving the Housing Target will require active participation from other orders of government, the development industry, and housing providers.

## **CONTACT**

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## **SIGNATURE**

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Gregg Lintern, MCIP, RPP  
Chief Planner and Executive Director  
City Planning Division

## **ATTACHMENTS**

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Attachment 1: Letter from Minister Clark, "Municipal Housing Targets and Municipal Housing Pledges City of Toronto: 285,000", dated October 25, 2022