



Firgrove Revitalization Update

Item 7

March 17, 2025

Building Investment, Finance and Audit Committee

Report: BIFAC:2025-13

To: Building Investment, Finance and Audit Committee
("BIFAC")

From: Acting Chief Development Officer

Date: February 19, 2025

PURPOSE:

To provide the Building Investment, Finance and Audit Committee ("BIFAC") and the Board of Directors (the "Board") an interim update on the Firgrove revitalization project. This report outlines the progress to date, summarizes the outcomes of the Request for Expressions of Interest ("RFEOI") and presents recommended next steps for the project.

RECOMMENDATIONS:

It is recommended that the BIFAC approve and recommend that the Board:

1. Authorize staff to issue a Request for Proposal ("RFP") for civil engineering services to develop the detailed subdivision design and oversee the contract administration municipal infrastructure in the Firgrove revitalization.
2. Authorize staff to issue an RFP for architectural services to design TCHC rental Block 2,
3. Direct staff to return to the BIFAC and the Board with a report detailing the cost and funding/financing before proceeding to construction.
4. Authorize the Acting Chief Development Officer or their designate to take all other necessary actions to give effect to the above recommendations.

REASONS FOR RECOMMENDATIONS:

Background

The original Firgrove community consisted of two- and three-storey townhome blocks and one 15-storey high-rise building, totaling 388 social housing units built in the 1970's.

In 2016, an engineering report identified structural concerns in two townhome blocks (134 units) necessitating their closure and tenant relocation (TCHC:C2016-45). Further assessment of 102 additional townhome units led to the decision to demolish 236 social housing units and redevelop the site.

The tenant relocation of all 236 households concluded in 2021, with the demolition beginning that same year and completed in 2023. The 15-storey building, and 15 adjacent townhome units were preserved and retrofitted, that process completed in 2022. See Attachment 1 for images of the current site condition following the retrofit and demolition process.

In conjunction with the relocation and demolition process, TCHC worked closely with the community, local stakeholders, and the City of Toronto (the "City") elected officials to envision the future revitalization of the Firgrove community. In 2020, City Council approved the Initial Development Proposal ("IDP"). Following further community consultation and planning the Community Plan - forming the basis of the zoning bylaw amendment - was approved at City Council in 2022. See Attachment 2 for the Firgrove Community Plan.

Throughout the comprehensive planning process, TCHC in collaboration with the Housing Secretariat, undertook analyses and discussions related to the financial feasibility and development approach to the project.

In July 2024, TCHC issued a Request for Expressions of Interest ("RFEOI"), to determine developer and community builder interest in non-TCHC Blocks and explore potential partnership models. The RFEOI encouraged the submission of a variety of unique partnership models to deliver on the City's housing goals and building of complete communities.

This report provides an update on the RFEOI findings and outlines next steps of the redevelopment plan, including the reallocation of previous Board approved funds. Attachment 3 summarizes past Board and Council approvals for the Firgrove revitalization.

Request for Expressions of Interest

The RFEOI submission deadline closed in August 2024, with a total of five responses received. The proponents included private market developers, community and non-profit housing providers. Of the submissions received, a wide range of housing types and affordability levels were proposed ranging from market condominiums to varying affordable rental housing opportunities.

Over the course of Q4 2024, TCHC staff reviewed all proponent proposals and analyzed the information weighing both financial and social outcomes of the development approach. A summary of the results of the RFEOI can be found in Confidential Attachment 1.

Key findings of the RFEOI submissions were the following:

- No single development model met all **City priorities** from both a social and financial perspective.
- All models had a **shortfall for TCHC replacement** units, including any potential TCHC revenues, overall requiring significant investment from different levels of government.
- The current land **value of the TCHC owned land is low**. Responses from non-profits proposed the sale or lease of land at no cost as well as cash in requirements. The sale of land would not significantly impact the shortfall due to its low value.
- **Low interest in the private development sector** to redevelop the property, likely due to high cost of construction, low land values, and estimated sale price of condos in the area.

TCHC has met with the Housing Secretariat to share the results and analysis of the RFEOI. Based on the wide range of housing opportunities and the implications of each development model within the current market climate, staff recommend a block-by-block redevelopment approach rather than committing to a single development model for the entire revitalization site at this time. This strategy provides greater flexibility in responding to market conditions and ensures stronger financial assurance in affordability levels, selecting appropriate partners, and securing funding for each individual block.

As an initial next step, staff recommend proceeding with the design of the roads and infrastructure, and Block 2 site plan approvals. This will initiate the redevelopment of TCHC housing, while allowing TCHC to continue to work with the City to finalize the appropriate housing mix and development model for non-TCHC blocks.

Recommended Approach and Next Steps

The following approach details the incremental steps and approvals required to proceed with the roads and infrastructure, as well as Block 2 scope of work:

Roads and Infrastructure:

1. *Retention of Consultant Team:* Issue an RFP for Detailed Subdivision Design and Contract Administration of the municipal roads and infrastructure based on the approved Draft Plan of Subdivision.
2. *Costing:* Finalize cost estimate for the construction of municipal roads and infrastructure and obtain a commitment from the City to include estimated costs in the Toronto Water and Transportation Services Capital Budget.

Roads and Infrastructure Construction Spending Authority: Based on the estimated cost of construction, and pending City funding commitment, seek spending authority from TCHC's Board to proceed with the Construction of the roads and infrastructure work and include these expenditures in the 2026 Development 10-year forecast for approval (either as a flow through cost or TCHC project cost). Financial details related to the current 10-year capital plan and estimated future approvals required are detailed in Confidential Attachment 5.

3. Once Financing and Approvals are obtained, Proceed to Construction: Following approval and financial authority to proceed as outlined in steps 1-3, TCHC will commence the construction process for the municipal roads and infrastructure.

Block 2 TCHC Rental Building

1. *Retention of Consultant Team:* Issue an RFP for architectural design services in support of Site Plan Approval (SPA) for TCHC's first rental building.
2. *Retention of Construction Manager:* Following schematic design, TCHC will issue an RFP to retain a construction manager to advise during the design process, provide input into value engineering, and manage the construction of Block 2. Staff will return to seek the approval of the appropriate TCHC committee to recommend entering a contract with the awarded proponent.
3. *Funding Applications:* Make financing/ funding applications once the design of Block 2 reaches a Class B costing, which is the design threshold required for underwriting and financing applications to be considered.
4. *Building Construction Spending Authority:* Based on outcomes of funding applications and discussions with the Housing Secretariat, a proposed funding stack will be presented to the BIFAC/Board for approval prior to proceeding. Financial details related to the current 10-year capital plan and estimated future approvals required are detailed in Confidential Attachment 5.
5. *Proceed to Construction:* Following approval and financial authority to proceed, TCHC will commence the construction of Block 2.

Additional funding is not required to proceed with the first step (Retention of Consultant Team) for both the roads and infrastructure and Block 2 scope of work described above. These costs have been included in the Development 10-year capital plan and can be captured within the current Firgrove Board Approved Budget through a reallocation of funds within the previously approved budget (TCHC:2019-23), see Confidential Attachment 5.

IMPLICATIONS AND RISKS:**Financial Implications**

There are no new financial implications associated with proceeding with the recommendations to retain the engineering and architectural consultant teams as outlined in this report. All costs for this design work have already

been included in the approved 2025 budget and the TCHC 10-year capital plan submitted to the City.

As a next step, Development Staff will work closely with the TCHC Finance team and Housing Secretariat to determine the appropriate levels of affordability within the development which will dictate the available funding/financing and potential shortfalls of the project.

Once detailed cashflows have been prepared based on the detailed building and infrastructure design, development model and affordability levels of the project, staff will return to the BIFAC/Board with a report related to the financing requirements and potential funding gap of the project prior to proceeding to construction.

Risk of Not Proceeding:

The Firgrove revitalization project has been identified as a “Housing Ready” site and is a priority for both TCHC and the City to proceed with the redevelopment. Not proceeding with the design stage for both the municipal roads and infrastructure and the TCHC Block 2 rental building will further delay the development of the project that has undergone the IDP, rezoning and draft plan process, and subsequently approved in 2020 and 2022 respectively. In addition, it further delays TCHC’s ability to return tenants who were relocated outside the community in 2017 and 2021.

SIGNATURES:

“Jessica Hawes”

Jessica Hawes
Acting Chief Development Officer

ATTACHMENTS:

1. Current Site Condition
2. Firgrove Community Plan
3. Prior Board and Council Approvals

Confidential Attachment 4: RFEOI Summary

Confidential Attachment 5: Firgrove Budget Overview

Reason for Confidential Attachment:

Third party commercial information supplied in confidence and commercial information belonging to TCHC that has monetary value or potential monetary value and whose disclosure could reasonably be expected to be injurious to its financial interests.

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Attachment 1

Current Site Condition

Figure 1: View from the rooftop of 5 Needle Firway (retrofitted tower)



Figure 2: View from Jane Street following completion of the demolition process



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Attachment 2

Firgrove Community Plan



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Attachment 3

PRIOR BOARD AND COUNCIL APPROVALS

Background

At its meeting on July 16, 2019, City Council adopted a report ([PH7.4 – A New Approvals Framework for Toronto Community Housing Corporation Revitalization Projects](#)), which implemented a new stage gate approvals process for TCHC revitalization projects. Council also directed staff to review the Initial Development Proposal (IDP) for the revitalization of the Firgrove-Grassways community in line with the New Approvals Framework.

On September 12, 2019, the Board of Directors approved the Business Plan for the Firgrove Community (TCHC:2019-23). The Report authorized TCHC staff to begin the revitalization process which included the relocation of tenants and spending authority for master planning and demolition expenses.

At its meeting on February 26, 2020, City Council approved the Firgrove IDP report ([PH13.4 - Firgrove-Grassways Revitalization – Initial Development Proposal](#)). The Report provided details related to a future recommended development partner, proposed partnership arrangement, identification of third-party funding sources and overall financial implications of the project would be brought back to Council as part of the new stage-gate approvals process.

On October 1, 2021 City Council approved the Rental Housing Demolition Application which permitted the demolition of 236 existing social housing units ([EY26.1 3 and 36 Marsh Grassway, 7 and 11 Blue Grassway, 1, 2 and 8 Dune Grassway, 4 and 17 Cane Grassway, 5, 10 and 40 Turf Grassway and 2-14, 22-36 and 5 Needle Firway - Rental Housing Demolition Application - Final Report](#)). Council's adoption of the recommendations in the report allowed TCHC to proceed with the revitalization and address safety concerns within the existing units.

On June 8, 2022, City Council adopted a report in support of a zoning bylaw amendment for the Firgrove revitalization plan ([City Report Item – 2022.EY33.7](#)). This item provided planning approval for the master plan which envisioned the replacement of 236 TCHC units, 107 net new affordable rental units, more than 600 new market rental and/or ownership units, and the refurbishment of 152 units located within the existing apartment building and townhouses on Needle Firway.

At its meeting on November 8, 2023, Council adopted a report in support of the Urgently Building More Homes Initiative ([Item - 2023.EX9.3](#)), in which the Firgrove revitalization project was identified as a “housing ready” site. The report recommended actions to prioritize and accelerate the delivery of “housing ready” projects.