



Lawrence Heights Phase 2 Update

Item 6

November 20, 2025

Building Investment, Finance and Audit Committee

Report: BIFAC:2025-99

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

From: Chief Development Officer

Date: November 4, 2025

PURPOSE

This report provides the Building Investment, Finance and Audit Committee ("BIFAC") with an update on the status of Phase 2 of the Lawrence Heights Revitalization.

RECOMMENDATION

It is recommended that the Building Investment, Finance and Audit Committee:

1. Approve a new direction in Lawrence Heights that includes re-development on a block-by-block approach, with TCHC as Developer commencing with the Rezoning and Official Plan Amendment of Phase 2, and the design of the first TCHC rental block;
2. Approve an increase to the pre-development budget for Phase 2 of the Lawrence Heights Revitalization project in the amount of \$832,000 in light of the requirement to pay application fees when submitting the:
 - i. Official Plan Amendment application; and
 - ii. Zoning Bylaw Amendment application required to implement Phase 2; and
3. Authorize the President and Chief Executive Officer, the Chief Financial Officer, or the Chief Development Officer, or their designates, to submit a loan application to the Canada Mortgage and Housing Corporation ("CMHC") under the Affordable Housing Fund seeking the funds required to support TCHC's obligations as an affordable housing

development partner to maximize the funding and financing from CMHC; and

4. Authorize the President and CEO, Chief Development Officer, or their designates, to take all necessary actions, submit required applications, incur capital commitments, and execute any documents as may be necessary in connection with development and construction, and to negotiate and execute such documents as may be required to implement the above recommendations.

FINANCIAL IMPACT STATEMENT:

The Lawrence Heights Phase 2 pre-development project was previously approved and included in TCHC's 10-Year Capital Plan with a budget allocation of \$4,475,000.

Following recent direction from the City's Development Review division, TCHC is now required to pay all planning application fees related to revitalization and new site development. These fees were previously waived or exempted for the Lawrence Heights Phase 2 revitalization. The combined cost for Rezoning and Official Plan Amendment applications are calculated at \$832,000, which was not included in the original budget. These fees will need to be paid by TCHC in 2025.

Additional costs are anticipated in moving forward with the rezoning and official plan amendment that include preparation of block plans, technical studies, and community consultation and engagement. These activities are projected to cost \$400,000. Furthermore, advancing the design of the first rental block to the 100% schematic design phase – required to support an application to CMHC's Affordable Housing Fund – is estimated at \$800,000. As a result, a total of \$1,200,000 is required to continue the Phase 2 pre-development work in 2026.

These additional costs that are required in 2025 will be addressed by repurposing projected underspending for various Development projects. The additional costs required in 2026 will be included in the 2026 budget submission.

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

REASONS FOR RECOMMENDATIONS

Background

At its meeting of July 30, 2024, the Board of Directors (the “Board”) authorized staff to release a public Request for Proposal (“RFP”) to secure a developer partner for Phase 2 of the Lawrence Heights Revitalization ([Report TCHC:C2024-21](#)). At that time, staff were also authorized to engage a real estate and development brokerage to conduct a market sounding exercise to assess industry interest in the redevelopment and pending outcomes and provide oversight for the RFP process. In addition, the Board approved advancing civil engineering design of the municipal infrastructure necessary to support the Draft Plan of Subdivision, with an associated budget of \$3.31M.

Updates Since July 2024 Board Approval:

Market Sounding

In January 2025, following a Request for Quotation (“RFQ”) and negotiation process, Colliers Project Leaders (“Colliers”) was engaged to provide real estate and development brokerage services to support the developer RFP process. The initial phase of this engagement involved conducting a market sounding to gauge industry interest and gather insights to inform the development strategy.

The market sounding, led by Colliers on behalf of TCHC, involved consultation with 10 representatives from the development and construction sectors. Participants were asked to provide input on key topics including development vision, housing mix and affordability, market conditions and opportunities for Community Economic Development.

The responses were qualitative – no scoring or evaluation process was undertaken. Instead, the exercise was intended to gather strategic insight to guide staff recommendations on the next steps for Phase 2. Colliers subsequently prepared a summary report outlining key findings and a brief market analysis.

Civil Engineering Design and Draft Plan of Subdivision

In Spring 2025, TCHC retained WSP Canada Inc. (“WSP”) through a public RFP process as the Civil and Planning consultant for Phase 2. WSP is responsible for the design of municipal infrastructure, contract administration and preparation and submission of the Draft Plan of Subdivision and related technical applications to the City.

At the time of this report, TCHC is targeting October of 2025 for the submission of its first Draft Plan of Subdivision and Rezoning applications for Phase 2. TCHC staff are collaborating closely with the City's Development Review division to expedite the review and approval process that will also enable approval of the site plan design of the new City Community & Recreation centre in Phase 2.

Over the past eighteen months, various City policy changes aimed at accelerating the supply of affordable housing have created new opportunities for TCHC. In response to these evolving policy directions and insights from the recent market sounding, staff are moving forward with a revised approach to the Phase 2 Revitalization.

Key Drivers for the Change in Revitalization Approach

Key drivers for the revised revitalization approach are:

1. Evolving market conditions;
2. Recently approved Toronto Builds Policy Framework; and
3. Current timelines associated with the CMHC funding programs.

Evolving Market Conditions:

Feedback from market sounding participants highlighted ongoing challenges in the current economic environment, including high interest rates, record high cost of construction, low rental yields and a stagnant condo market. The current market conditions do not support the traditional revitalization model previously envisioned by TCHC for Phase 2 of the Lawrence Heights Revitalization without additional measures to protect the long-term value of the land and project revenues for TCHC.

In response to this feedback, TCHC staff, in collaboration with the City of Toronto, will be advancing Phase 2 without a private developer partner and will take a block-by-block approach to building out the phase. The first block will be developed by TCHC as a rental block, on an expedited basis, with design, development and construction management services led directly by TCHC. This approach will allow the design and construction of the TCHC owned buildings to proceed earlier than previously planned.

TCHC's block-by-block approach to Phase 2 of the Lawrence Heights Revitalization will allow flexibility to revisit market offerings as work on the TCHC-owned buildings continues. TCHC may partner with a private

developer on subsequent blocks of Phase 2, subject to a change in market conditions.

Toronto Builds Policy Framework

In December 2024, City Council approved the Toronto Builds Policy Framework ([City Report EX19.1](#)). In doing so, Council requested that TCHC work with the City to advance housing development projects under the City's Public Developer Model, including providing development and construction management services, enabling TCHC to act as public developer and housing provider for projects on City lands. Lawrence Heights Phase 2 was included as one of the revitalization sites under this framework in May 2025 ([City Report PH21.4](#)).

This shift from a private developer model to a public developer model positions TCHC to better align the revitalization with municipal and federal housing priorities and strengthens TCHC's role in delivering affordable housing across the city.

Block 22 (see Attachment 1 for the Phase 2 Proposed Block Plan) has been identified as the first site to advance under the new framework. The Block will include the replacement of 127 seniors housing units currently located in Lawrence Heights, along with 30 new affordable units. All 157 units will be constructed under TCHC's delivery model, in one mid-rise building, allowing TCHC and Toronto Seniors Housing Corporation ("TSHC") to provide centralized services to tenants. Upon completion, the building will be turned over to TSHC, who will continue as the operator responsible for managing the new seniors replacement and new affordable units delivered through Block 22.

To expedite the design and construction of Block 22, TCHC staff have developed a Quality Based Selection Architects Roster to deliver full design services for Toronto Builds projects. This approach shortens procurement timelines and enables staff and tenants to guide the design of new TCHC buildings.

In addition, TCHC will be releasing an RFP for a Construction Manager in the fall of 2025 utilizing the same Quality Based Selection methodology to create a roster for Construction Management services to oversee the pre-construction, construction and post-construction phases of Toronto Builds projects.

CMHC Funding Streams *Housing Accelerator Fund*

In December 2023, the City entered into an agreement with CMHC under the federal government's Housing Accelerator Fund. The City secured \$471.1M to advance new housing development, transform the current housing system and expand affordable housing across communities.

Under the Housing Accelerator Fund agreement, eight initiatives and 35 accompanying milestones have been established to accelerate the development of new housing from 2024 to 2026. Initiative #2 focuses on expediting more housing supply within TCHC revitalization sites and getting new homes to the permitting stage.

For Phase 2 of the Lawrence Heights Revitalization, a key milestone targets the selection of a development partner by December 31, 2025, pending the outcomes of the market sounding led by Colliers. Following market feedback, a meeting with CMHC, TCHC, and City Staff on October 2, 2025 provided an update on the pivot to a public developer model for Block 22. CMHC has approved this approach, marking completion of the first Housing Accelerator Fund milestone.

Affordable Housing Fund

The Affordable Housing Fund provides capital for new affordable housing and is another driver for the accelerated timeline for developing TCHC's rental Block 22. The Affordable Housing Fund application requires confirmation of approved zoning and a Class C Construction Cost estimate by January 2026, and the execution of a contribution agreement between CMHC and TCHC by March 31, 2026.

The Federal government has allocated \$1.5 billion in top-up loans for projects submitted under the Affordable Housing Fund program. As funding will be allocated on a first-come basis, it is essential that TCHC secure the required planning approvals and finalize building design promptly to ensure timely submission of a complete Affordable Housing Fund application.

NEXT STEPS

To meet the City's objectives to accelerate the affordable housing supply, and advance Phase 2 of the Lawrence Heights Revitalization, TCHC will act as public developer under the Toronto Builds Policy Framework. Through ongoing collaboration with the City's Development Review team, TCHC will

move forward with an expedited schedule of municipal approvals, building design and construction that will aim to comply with the funding milestone dates requirements.

To meet the funding goals outlined above, the following milestones must be achieved in the next three to six months:

Date	Milestone
October 2025 – February 2026	• Submit and approve Official Plan Amendment, Zoning Bylaw Amendment and draft Plan of Subdivision applications for Lawrence Heights Phase 2
February 2026	• Complete 100% schematic design for Block 22 • Submit Affordable Housing Fund Application
November 2025 – January 2026	• Proceed with the Quality Based Selection RFP to develop a Construction Manager Roster, and select the Construction Manager for Block 22
January – March 2026	• Demolition of Phase 2 units at 3 & 5 Leila Lane and 31-109 Bagot Court units
April 2026	• Completed Detailed design of municipal infrastructure for Phase 2A for submission of subdivision drawings for approval, to achieve Release for Construction Services. • Submit Site Plan application for Block 22
June 2026	• Submit Building Permit Application for Block 22

Prior to applying to the Affordable Housing Fund program, staff will return to the BIFAC and the Board with a report outlining the funding stack, including cost of construction and sources of funding.

IMPLICATIONS AND RISK

Risk of Not Proceeding

Phase 2 of the Lawrence Heights Revitalization is one of the first revitalization projects to advance with TCHC as the public developer. TCHC staff are responsible for planning, design, and construction management oversight, without reliance on a private developer partner. The CMHC Affordable Housing Fund program has a limited application window. Any delay in meeting submission timelines may result in lost funding opportunities. Should this occur, TCHC would need to identify alternative

funding sources to deliver both the replacement rent-geared-to-income units and the new affordable housing units.

Strategic and Reputational Risk

Failure to advance Phase 2 in alignment with Council-approved timelines could undermine confidence in TCHC's ability to deliver large scale revitalization projects and meet City housing commitments.

With the Secondary Plan approved and Phase 1 nearing completion, there is an expectation that the Lawrence Heights revitalization will continue through the remaining three phases.

Over the past decade, TCHC tenants, community members and government partners have invested significant time and resources in the planning and implementation of this project. Any major delay or change in direction would carry substantial political and reputational implications for TCHC.

SIGNATURE:

"Yves Cheung"

Yves Cheung
Chief Development Officer

ATTACHMENTS:

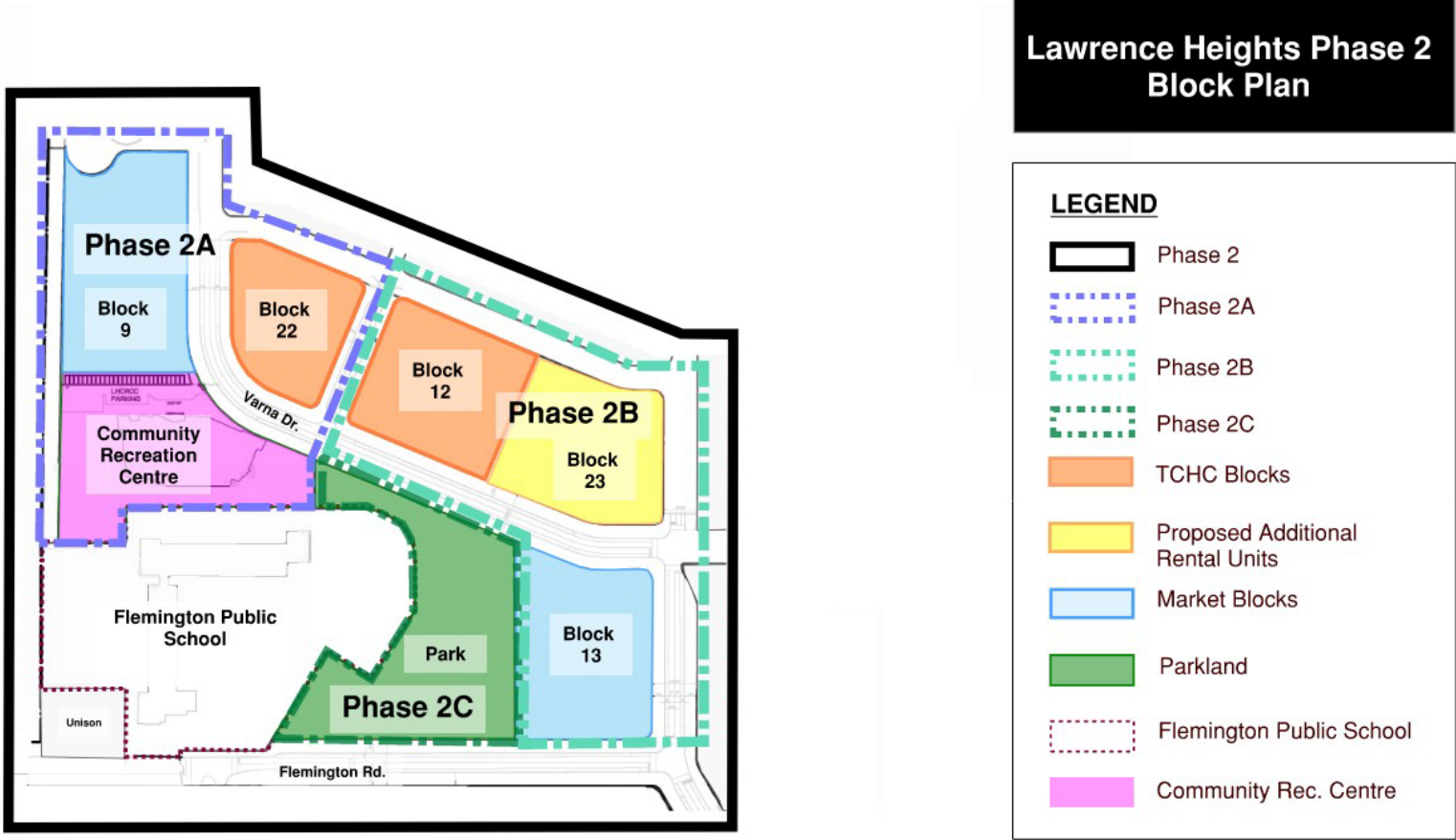
1. Phase 2 Proposed Block Plan
2. Proposed Phase 2 Schedule

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Phase 2 Proposed Block Plan



Item 6 - BIFAC:2025-99 - Attachment 2

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