This is a new section of the Public-Private Partnership Resource Center website and is currently in draft form. Your feedback is welcome: If you would like to comment on the content of this section of the website or if you have suggestions for links or materials that could be included please contact us at ppp@worldbank.org.

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Regent Park Affordable Housing Project, Toronto, Canada

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On this page: *A case study on Regent Park Affordable Housing Project, Toronto, Canada. Find more at the Municipal Public-Private Partnership Framework - Project Summaries section for brief summaries of around 100 projects from around the world, examples of successes and challenges, as well as innovative ideas on solutions, or visit the Guidelines on Innovative Revenues for Infrastructure section.*

Project Summary:

Background

Regent Park, a 100 percent government-owned and subsidized neighborhood built more than 50 years ago, was in dire need of renovation. Among the poorest neighborhoods in Canada, Regent Park was home to a culturally diverse group of low-income individuals and families. To improve the situation, the Toronto Community Housing Corporation (TCH), the owner and operator of the property, proposed a plan to the Toronto City Council in 2003 to revitalize Regent Park. TCH is the largest Canadian public housing provider and its sole shareholder is the City of Toronto.

Project Structure

A CAD 1.1 billion (USD 831 million) redevelopment plan was proposed for implementation in five phases over a 20 to 25-year period. The plan called for replacing old buildings with towers and townhouses and developing new community facilities, public streets and parks. The plan envisioned the construction of 2,083 replacement rent-geared-to-income (RGI) units, approximately 700 new affordable rental units, and 4,000 new market condominium units that would include affordable ownership opportunities.

After consultations with stakeholders TCH decided that the redevelopment process would be completed with a private partner, which would help to design and construct the first phase of the project. Following the first tender, TCH and the chosen private partner failed to agree on the terms of the project, leading TCH to cancel the award. A second competitive tender was held and TCH selected Daniels Corporation as the winning bidder. The resulting PPP agreement stipulated that if Daniels Corporation failed to fulfill the requirements of the project's first phase, the company would not be eligible to participate in any of the remaining phases.

Each phase of the mixed-income revitalization project used different financing structures. For Phase 1, TCH financed the private partner's construction of the housing units, which was repaid with the proceeds from the sale of completed market condominium units. TCH also covered all of the costs for new municipal infrastructure during this phase. Given the failed first tender and the poor reputation of the neighborhood, TCH deemed it necessary to assume these risks and obligations in Phase 1 to attract a private investor.

For Phase 2, TCH took less risk, as the new condominium projects were able to be financed by traditional lenders and the majority of the condominium units had been sold prior to construction. Beginning in Phase 2 and continuing in Phase 3, the City of Toronto agreed to fund 60 percent of the cost of the municipal infrastructure and waived development fees and property taxes on all affordable housing units. For Phase 3, TCH negotiated a sale of the necessary land to the private development partner, such that it would no longer bear any market risks related to sale of the condominiums.

Daniels Corporation successfully met the requirements for Phase 1 and 2 and is continuing as the developer for Phase 3. The first building was opened in 2010 and Phase 3 is expected to be completed in 2019/2020.[1]

Lessons Learned

It has been reported that the project is a success both in terms of refurbishing affordable housing stock and for being more inclusive towards a part of Toronto that had been underserved for several years.

Formal and informal community engagement was crucial for the success of the project as, from the beginning, it was hoped that the revitalization of the area would be not only physical but also social. Around 2,000 people were consulted prior the development in 2006 and, although a number of meetings were held officially, informal meetings among residents were also highly encouraged. THC conducted several community engagement activities, including hiring and training community residents to provide information about the redevelopment to their fellow residents, gather their concerns and opinions, and the report them back to THC. This was particularly impactful as there are more than 50 languages spoken in Regent Park. Furthermore, involving several non-profits active in the area helped different stakeholders get engaged, learn more about the project and collaborate with it. One example of inclusion of the community's concerns is the decision to provide women with exclusive space at public pools, which was a direct response to concerns voiced by the Muslim community engagement activities conducted in relation to this project.

Footnote 1: Source(s) accessed on February 7, 2019 https://www. toronto.ca/legdocs/ mmis/2017/cc/bgrd/ backgroundfile-101361. pdf

https://www. torontohousing.ca/ regentpark

http://www. stmichaelshospital. com/pdf/crich/ summer2008/Morgan. pdf

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The Guidelines on Innovative Revenues for Infrastructure (IRI) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.

To find more, visit the Innovative Revenues for Infrastructure section and the Content Outline, or Download the Full Report. For feedback on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at ppp@worldbank.org.

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