

June 14, 2007

To: Executive Committee

From: Affordable Housing Committee

Subject: Waterfront Affordable Housing – Funding Approval for TCHC North River Square/McCord Project, West Don Lands

Recommendations:

The Affordable Housing Committee on June 14, 2007, recommends to the Executive Committee and City Council that:

1. City Council approve a grant, by way of forgivable loan, to the Toronto Community Housing Corporation to develop its North River Square/McCord affordable housing project on Blocks 21 and 23 of the West Don Lands, in the amount of \$70,000 per unit or \$9.1 million for a maximum of 130 units from the Capital Revolving Fund (CRF), subject to Council approval of the transfer of the Federal Housing Trust Fund - Provincial Delivering Opportunities for Ontario Renters (DOOR) Initiative to the Capital Revolving Fund;
2. City Council exempt the project from taxation for municipal and school purposes for the term of the Contribution Agreement or 25 years, whichever is less;
3. City Council exempt the project from payment of development charges and designate the project as social housing accommodation allowing all or part of the project relief from normal parking standards;
4. authority be granted for the City to enter into a municipal capital facility agreement and such other agreements and documents deemed necessary, with Toronto Community Housing Corporation on terms and conditions satisfactory to the Director of Development, Affordable Housing Office and in a form approved by the City Solicitor; and
5. the Director of Development, Affordable Housing Office be authorized and directed, on behalf of the City to execute the municipal capital facility agreement and such other agreements and documents as are necessary, with Toronto Community Housing Corporation.

Background:

The Affordable Housing Committee on June 14, 2007, considered a report (May 31, 2007) from Deputy City Manager Sue Corke respecting Waterfront Affordable Housing – Funding Approval for TCHC North River Square/McCord Project, West Don Lands.

City Clerk

Patsy Morris
Item AH4.3

Sent to: Deputy City Manager, Sue Corke
Director, Affordable Housing Development, Affordable Housing Office
Director, Partnerships, Affordable Housing Office



STAFF REPORT ACTION REQUIRED

Waterfront Affordable Housing – Funding Approval for TCHC North River Square/McCord Project, West Don Lands

Date:	May 31, 2007
To:	Affordable Housing Committee
From:	Sue Corke, Deputy City Manager
Wards:	Ward 28, Toronto Centre-Rosedale
Reference Number:	P:\2007\Cluster A\AHO\TCHC-McCord Project, West Don Lands (AFS-4934)

SUMMARY

This report recommends Council approval to make a \$9.1 million grant, by way of forgivable loan, to Toronto Community Housing Corporation (TCHC) for its North River Square project, also known as the McCord site, on Blocks 21 and 23 in the West Don Lands (WDL). The grant will help create 130 affordable rental housing units under the Federal Housing Trust Fund – Provincial Delivering Opportunities for Ontario Renters (DOOR) Initiative.

The land for this development will be provided by the province, at no cost to Toronto Community Housing Corporation; however, additional financial assistance at \$70,000 per unit is required to make the development of 130 affordable housing units possible.

City contributions include waivers for municipal property taxes, development charges, and planning, building and parkland dedication fees in the amount of approximately \$2,942,595.

In addition to the 130 affordable rental housing units, the TCHC is also developing approximately 33 market ownership units in the North River Square/McCord project. Providing families and individuals with access to safe, secure affordable housing in mixed income communities meets key policy objectives of the City of Toronto, the Federal and Provincial governments, the Toronto Waterfront Revitalization Corporation and the TCHC.

RECOMMENDATIONS

The Deputy City Manager responsible for Affordable Housing Office recommends that:

1. City Council approve a grant, by way of forgivable loan, to the Toronto Community Housing Corporation to develop its North River Square/McCord affordable housing project on Blocks 21 and 23 of the West Don Lands, in the amount of \$70,000 per unit or \$9.1 million for a maximum of 130 units from the Capital Revolving Fund (CRF), subject to Council approval of the transfer of the Federal Housing Trust Fund - Provincial Delivering Opportunities for Ontario Renters (DOOR) Initiative to the Capital Revolving Fund;
2. City Council exempt the project from taxation for municipal and school purposes for the term of the Contribution Agreement or 25 years, whichever is less;
3. City Council exempt the project from payment of development charges and designate the project as social housing accommodation allowing all or part of the project relief from normal parking standards;
4. Authority be granted for the City to enter into a municipal capital facility agreement and such other agreements and documents deemed necessary, with Toronto Community Housing Corporation on terms and conditions satisfactory to the Director of Development, Affordable Housing Office and in a form approved by the City Solicitor; and
5. The Director of Development, Affordable Housing Office be authorized and directed, on behalf of the City to execute the municipal capital facility agreement and such other agreements and documents as are necessary, with Toronto Community Housing Corporation.

Financial Impact

The preliminary estimated cost for the TCHC North River Square/McCord project, both affordable and market ownership units, is approximately \$42.5 million to \$44.8 million depending on the level of energy and other environmental features incorporated into the final design of the project. TCHC will use the revenue in excess of costs from the sale of the market ownership units to offset equity requirements for the affordable housing development. The land for the North River Square/McCord project will be conveyed by the province for a nominal amount to the Toronto Community Housing Corporation.

The \$9.1 million capital funding recommended in this report will be provided under the Federal Housing Trust Fund – Provincial Delivering Opportunities for Ontario Renters (DOOR) Initiative. The Funds were conveyed to the Province by the Federal government for the development of affordable housing. The \$9.1 million allocation includes \$150,000 for Project Development Funding (PDF).

The combination of Federal, Provincial and City contributions will make the North River Square project affordable. City contributions include waivers for municipal property taxes, development charges, and planning, building and parkland dedication fees in the amount of approximately \$2,942,595. The current net present value of the City's municipal property tax exemption, given to support the operation of the affordable housing project, is approximately \$1,582,471.

Government Assistance: Capital	Amount
CRF - Federal Housing Trust Fund – Provincial Delivering Opportunities for Ontario Renters (DOOR) Initiative	\$9,100,000
Waived municipal development charges and fees (planning, building, parkland dedication)	\$1,360,124
Total	\$10,460,124

Government Assistance: Operating	Amount
Approximate NPV of 25-year property tax exemption	\$1,582,471

TCHC's equity contribution and financing must also be obtained and will be subject to TCHC Board approval.

The detailed budget implications for the current year will be reported to Budget Committee in September, 2007 and any future year budget implications associated with this project will be reported and included in future year program budgets as development proceeds.

There is no financial impact on the City's budget for the capital funding provision. The Deputy City Manager and Chief Financial Officer have reviewed this report and agree with the financial impact information.

DECISION HISTORY

In October, 2005, City Council set priorities for Toronto's share of the Federal 2005 budget for affordable housing. One of those priorities was the creation of new affordable homes in city building initiatives such as the West Don Lands (Reference: Council decision document www.toronto.ca/legdocs/2005/agendas/council/cc051026/cofa.pdf Report 9, Clause 28 and www.toronto.ca/legdocs/2005/agendas/committees/pof/pof051020/it035.pdf).

In its 2006 Action Plan for Affordable Housing Development approved in January-February 2006, City Council set several priorities for its annual target of 1,000 affordable rental homes, including support for the TCHC in achieving its housing development and redevelopment goals for the City; support for a mixed-sector approach; and support to mixed-income projects (see www.toronto.ca/affordablehousing/afford_plan.htm).

In December 2006, Mayor Miller outlined several affordable housing priorities including the creation of 1,000 units of affordable housing each year for the next four years in areas including the West Don Lands. The Mayor also identified creation of a wonderful waterfront city as a priority through creation of vibrant waterfront communities (Reference: *What makes a city great?* at www.toronto.ca/mayor_miller/pdf/miller_platform_webed_screen.pdf).

In March, 2007, the Provincial government announced an allocation from the 2005 Federal trust funds of \$127 million for Ontario municipalities under the Delivering Opportunities for Ontario Renters (DOOR) Initiative. Toronto's share was \$26.69 million.

ISSUE BACKGROUND

TCHC's North River Square/McCord affordable housing development is located in the West Don Lands, one of three major areas in Toronto's Central Waterfront comprising 32 hectares (80 acres) bounded by King Street East to the north; St. Lawrence Street to the west; a future extension of River Street to the east; and the on/off ramps connecting Richmond Street to the Don Valley Parkway to the south.

The project is a keystone development in the revitalization of Toronto's Waterfront in the West Don Lands. As the first development in the WDL, the TCHC project leads with a mixed-income, affordable rental housing project with a market ownership component.

With a projected occupancy in late 2008, The McCord/North River Square project will deliver 130 new, permanent, affordable rental housing units, publicly owned by the Toronto Community Housing Corporation, as well as approximately 33 market ownership townhouses. See table below for a unit mix breakdown.

Unit Mix		
	Affordable Rental Housing	Market Ownership
Unit Type	Number	
1 bedroom	7	
2 bedroom	84	11
3 bedroom	22	22
4 bedroom	6	
Live/Work	11	
Total	130	33

The units will be distributed in one 90-unit apartment block of 6, 8 and 9 storeys (Block 23); a block of four-storey stacked affordable rental townhouses (Block 21W); and a block of three-storey stacked market ownership townhouses (Block 21E).

The affordable housing units will have rents at 80% of the Average Market Rent (AMR) for the City of Toronto established by the Canada Mortgage and Housing Corporation (CMHC), targeting Toronto's affordable housing waiting list.

Several environmental goals will be achieved including redevelopment of a brownfield site. It will be conveyed to the TCHC by the Province of Ontario as a developable parcel cleaned to an environmental standard suitable for residential development, including excavation for one-level of underground parking. TCHC anticipates developing the North River Square/ McCord project in an environmentally and energy efficient manner by meeting the LEEDS Gold standard.

COMMENTS

The financial assistance provided by the Federal and Provincial governments through the Housing Trust – DOOR Initiative and the City of Toronto will mean that the TCHC, the City's publicly-owned affordable housing agency, will lead development in the West Don Lands with a mixed-income community. Government funding will allow the development to begin at an early date, contributing to the city's target of developing 1,000 new units of affordable housing each year and other city goals regarding waterfront revitalization, sustainability and support for the TCHC.

A preliminary TCHC Project Development Budget, including project details, has been reviewed by Affordable Housing Office staff. An appropriate due diligence review of detailed Capital and Operating Budgets satisfactory to the Director of Development, Affordable Housing Office, will be undertaken prior to funding this project and giving effect to the transaction.

The project will deliver rents at 80% of the Average Market Rent (AMR) for the City of Toronto established by the Canada Mortgage and Housing Corporation (CMHC), targeting Toronto's affordable housing waiting list.

CONCLUSION

The TCHC's McCord/North River Square development contributes to several affordable housing, waterfront revitalization and sustainability goals shared by three orders of government, the Toronto Waterfront Revitalization Corporation and the TCHC, and will create a vibrant, diverse, sustainable waterfront community where people will want to live, work and play.

CONTACT

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SIGNATURE

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Deputy City Manager