

June 14, 2007

To: Executive Committee

From: Affordable Housing Committee

Subject: Affordable Housing Office – Railway Lands Development

Recommendations:

The Affordable Housing Committee on June 14, 2007, recommends to the Executive Committee and City Council that authority be granted to fund the Toronto Community Housing Corporation (TCHC) for development of affordable housing on the Railway Lands Blocks 32 and 36 in an amount of twenty one million ninety thousand, (\$21,090,000) as a grant by way of forgivable loan from the CRF, being made up of approximately \$17.09 million from the Federal Housing Trust Fund-Provincial Delivering Opportunities for Ontario Renters Initiative (DOOR) funds and \$4 million previously committed from the City's Capital Revolving Fund for Affordable Housing (CRF) subject to:

1. facilitating the timely development of affordable housing and other public benefits on the city owned properties on the Railway Land, and that the Deputy City Manager responsible for Affordable Housing be requested to work with Toronto Community Housing Corporation officials and submit a report directly to the Toronto City Council for its meeting on July 16, 2007 on the details of negotiations to ensure the timely transfer of the lands identified as Blocks 32, 36, 31, 18A and 18B, and the funding terms and conditions between the City and the Toronto Community Housing Corporation;
2. Council approval of the transfer of the DOOR funds to the CRF; *and*
3. a copy of the foregoing report be forwarded to Toronto Economic Development Corporation.

Background:

The Affordable Housing Committee on June 14, 2007, considered a report (May 31, 2007) from Deputy City Manager Sue Corke respecting Affordable Housing Office – Railway Lands Development.

Mr. Ying Hope, on behalf of the Confucius Group, addressed the Affordable Housing Committee.

City Clerk

Patsy Morris
Item AH4.5

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



STAFF REPORT ACTION REQUIRED

Affordable Housing Office – Railway Lands Development

Date:	May 30, 2007
To:	Affordable Housing Committee
From:	Sue Corke, Deputy City Manager
Wards:	20, Trinity-Spadina
Reference Number:	Railway Lands Development (AFS – 4933)

SUMMARY

This report is in response to a request from Affordable Housing Office to report back on the steps required to proceed with the funding and development of affordable housing on Blocks 32 and 36 of the Railway Lands and is linked to the report dated May 31, 2007 titled “Affordable Housing Funding Allocations for 2007-2008”

It describes outstanding issues, the action being taken to proceed with the Railway Lands affordable housing development and recommends the commitment of funds to the Toronto Community Housing Corporation (TCHC) to develop Blocks 32 and 36. The source of funds is the Federal Housing Trust Fund-Provincial Delivering Opportunities for Ontario Renters Initiative (DOOR) funds, and the City’s Capital Revolving Fund for Affordable Housing (CRF).

RECOMMENDATIONS

The Deputy City Manager responsible for Affordable Housing Office recommends that authority be granted to fund the Toronto Community Housing Corporation (TCHC) for development of affordable housing on the Railway Lands Blocks 32 and 36 in an amount of twenty one million ninety thousand, (\$21,090,000) as a grant by way of forgivable loan from the CRF, being made up of approximately \$17.09 million from the Federal Housing Trust Fund-Provincial Delivering Opportunities for Ontario Renters Initiative (DOOR) funds and \$4 million previously committed from the City’s Capital Revolving Fund for Affordable Housing (CRF) subject to:

- a) report back to Council in the fall of 2007 on details of the negotiation regarding the transfer of lands and funding terms and conditions between the City and TCHC, and
- b) Council approval of the transfer of the DOOR funds to the CRF.

Implementation Points

TCHC and City staff will be conducting negotiations concerning the development of the Railway lands and reporting back to Affordable Housing Committee in the fall of 2007.

Financial Impact

This report recommends that funding for the Railway Lands in the amount of \$21,090,000 be committed to TCHC for the development of the Railway Lands as described in this report. The \$21,090,000 is made up of approximately \$17.09 million DOOR funds and \$4 million previously committed from the CRF. A separate report titled "Affordable Housing Funding Allocations for 2007-2008" dated May 31, 2007 describes the use of these funds.

An implementation report outlining all the financial implications will be submitted to the Affordable Housing Committee in the fall of 2007.

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 funding the Railway Lands as detailed in this report will be reported and included in future year program budgets as developments proceeds.

DECISION HISTORY

On April 7, 2007, the Affordable Housing Committee requested Deputy City Manager to report to the June meeting of the Affordable Housing Committee on the decisions required to proceed with the funding and development of affordable housing by TCHC on Blocks 32 and 36 in the Railway Lands.

ISSUE BACKGROUND

Currently, Toronto Community Housing Corporation is acting as the City's agent for developing Blocks 31, 32, 36, and 18A and B, pursuant to Clause 36 of Report 4 of the Policy and Finance Committee, adopted by Council at its meeting held April 12, 13 and 14, 2005. Further, Council at its meeting held December 5, 6 and 7, 2005, approved Clause 21 of Report 10 of the Policy and Finance Committee, thereby providing pre-development funding of \$1.7 million for the Railway Lands.

(<http://www.toronto.ca/legdocs/2005/agendas/council/cc051205/pof10rpt/cl021.pdf>)

TCHC has submitted a proposed business plan and staff are conducting a due diligence and value for money review of the proposal. The proposed business plan calls for a funding allocation of \$21.09 million (approximately) and for transfers of Blocks 32 and 36 from City ownership to the TCHC.

While the policy of the Affordable Housing Office has been to grant leases of its land to facilitate the implementation of affordable housing, in order to be able to maintain control of the use of the land, it is believed that this control is not required with TCHC. Further, the City's attempts to develop Blocks 18A and 18B as affordable housing have led staff to the conclusion that the value in these properties lies in the capital that can be obtained by their sale.

Staff are prepared to recommend that the title to all five blocks in the Railway Lands be transferred to TCHC. This will be accomplished by way of three separate Offers to Purchase, one for Blocks 32 and 25, a second for Block 31 (further behind in the development process) and Blocks 18A and 18B. Staff are prepared to further recommend that TCHC be permitted to sell Blocks 18A and 18B to raise funds for the development of affordable housing in the remaining three blocks.

This report recommends that Council allocate funding, estimated to be in the amount of \$21.09 million for Blocks 32 and 36.

COMMENTS

The steps which need to be taken to achieve the above are:

1. Conduct Due Diligence and Value For Money Review of TCHC Proposed Business Plan. The Affordable Housing Office is conducting a review of the business plan and the various development options submitted by TCHC for the development of Blocks 32 and 36. Staff have been working with TCHC, the City's legal department and the Affordable Housing Office to maximize the number of affordable and family homes on the site.
2. Conduct Due Diligence Review of Real Estate Transaction. Discussions are underway with Facilities and Real Estate to establish the value of the land to be transferred and the administrative steps that need to occur to make it happen.

Three Offers to Purchase must be negotiated with TCHC and approved by Council. It is anticipated that the terms of these Offers will be minimal and the consideration nominal. Each Offer will be conditional upon TCHC and the City agreeing to the terms of development agreement, the document in which most of the detail of the transactions will be contained.

4. Enter Into Agreement to Develop. The terms of the development agreement will be negotiated and the agreement entered into at the time of the transfer of title. The agreement will set out the terms and conditions of the transfer, funding and proposed tax exemption

(the City's contributions) which terms will survive the closing of the sale transaction. The following points are considered essential elements of the agreements:

- (i) mandate a minimum number of affordable housing units
- (ii) emphasize including family housing;
- (iii) establish timelines for completion of various stages of the development;
- (iv) allow for the conveyance back to the City either through lease or transfer of title, of space for various community services, such as libraries and day care centres, at below market rent;
- (v) provide for tax exemptions and waivers of development charges for the affordable housing
- (vi) establish green development standard for the development

5. Seek Council Approval and Authorities to Proceed. A joint Facilities and Real Estate and Affordable Housing Office report will be made to Council, through the Affordable Housing Committee to obtain approval to enter into the Offers to Purchase and to complete the sale transactions on the terms of the Offers.

It is anticipated the above-mentioned report can be before Affordable Housing Committee in September, 2007.

CONTACT

Kathleen Llewellyn-Thomas, P.Eng.
Director of Development
Affordable Housing Office
Tel: 416-392-8590
Fax: 416-392-4219
E-mail: Kllewel@toronto.ca

SIGNATURE

Sue Corke
Deputy City Manager

ATTACHMENTS APPENDIX "A"

APPENDIX “A”

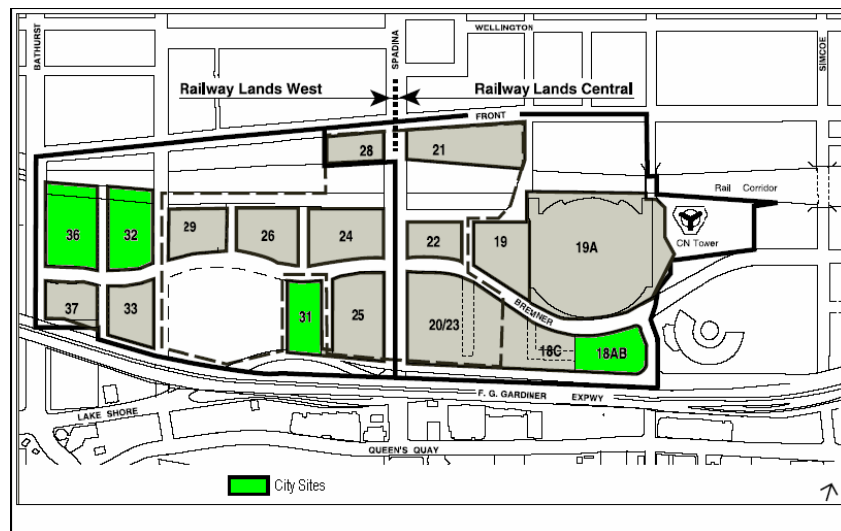
Railway Lands Blocks 32 & 36

\$16.94M **CRF (DOOR) funding**

\$4.0M **CRF (money comes from funds from Section 37 agreements deposited into CRF)**

An implementation report will be prepared recommending that Council convey Blocks 32 & 36 of the Railway Lands to the TCHC, and approve a development agreement which will set out the conditions Council expects TCHC to fulfill as they develop these lands.

- In the mid-1990s four blocks were conveyed by the developer, Concorde Adex to the City to meet municipal and provincial affordable housing objectives. One of these sites was subsequently transferred to private ownership in exchange for land to facilitate the development of Fort York Boulevard and another site was identified for affordable housing.
- The affordable housing sites are Blocks 18 A&B, 31, 32 and 36 and are located as illustrated below:



- In April 2005, City Council appointed TCHC as its agent for the development of the four City-owned sites in the Railway Lands. To date, the City has issued or approved \$1.7 million in funding to TCHC for pre-development work on the Railway Lands.
- In total, nearly 1,000 units of housing can be developed on the 3 sites west of Spadina Road (residential potential of Block 18AB is not known at this time).

Blocks 32 and 36:

- A total of 655 units are proposed for Blocks 32 and 36 incorporating a mix of affordable rental, affordable ownership and market ownership units.
- Council approved the Official Plan and Zoning Amendments in September 2006. TCHC is proceeding with public realm design and archaeological work to be completed prior to seeking Site Plan approval.
- In addition to housing, Block 36 incorporates a number of other users including:
 - Toronto Public Library – neighbourhood branch facility
 - Children’s Services – 52 space day care
 - Parks and Recreation – Mouth of the Creek Park
- TCHC has submitted a proposed business plan to the City for the development of affordable housing on Blocks 32 and 36. As part of this submission, TCHC has requested the City to declare Blocks 32 and 36 as surplus and transfer ownership to TCHC to help expedite development of these lands. City staff are conducting a due diligence and value for money analysis of the business plan and will present the results to the Affordable Housing Committee in the Fall of 2007.