

Cost/Benefit Analysis of the Artscape Wychwood Barns Project

Date:	October 14, 2009
To:	Executive Committee
From:	Deputy City Manager and Chief Financial Officer
Wards:	All
Reference Number:	P:\2009\Internal Services\CF\Ec09030cf – AFS #10065

SUMMARY

This report provides a summary of the costs and benefits associated with the construction of Artscape's Wychwood Barns, a City asset.

RECOMMENDATIONS

1. The Deputy City Manager and Chief Financial Officer recommends that this report be received for information.

Financial Impact

This report has no financial impact.

DECISION HISTORY

City Council, at its meeting held on April 29 and 30, 2009, amended EX31.5 by requesting that the Deputy City Manager and Chief Financial Officer submit an updated report to the Executive Committee on:

- a. all costs and in-kind grants and/or the forgiveness of charges and costs, for the entire Artscape Wychwood Barns project; and
- b. a benefit analysis, including the project's contributions to the local community.

ISSUE BACKGROUND

Artscape is a not-for-profit corporation and its main mandates are to provide affordable working and living space for Toronto's artists and to promote cultural activities beneficial

to the community. As a result of the partial support of the City of Toronto as well as other orders of government, Artscape has become a significant not-for-profit, real estate development agency for the arts.

The adaptive reuse of the Wychwood Car Barns has been developed by Artscape who was selected through the City's RFP process in 2003, providing an environment that incubates ideas, collaborations and initiatives that serve the arts and green agendas. The project reflects the City's balanced vision of cultural, educational and environmental uses for the heritage buildings.

Approximately 70% of Artscape's annual operating budget is funded from revenue that is generated by affordable rents for artists' work and live-work studios as well as rehearsal, performance, office and storage facilities for not-for-profit arts and environmental organizations and individual artists on a cost recovery basis.

Almost 20% of Artscape's operating budget of \$4.3 million originates from the three orders of government. In 2009, the City of Toronto, through the Community Partnership and Investment Program (CPIP), provided an annual grant to Artscape in the amount of \$259,000.00

COMMENTS

City's final support of the Artscape Wychwood Barns project:

Section 37 Agreement (\$1.0 million) secured from a private developer	No Cost to the City
Capital Loan Guarantee (\$3.5 million)	No Cost to the City
Guarantee of a \$90,000 Grant and \$600,000 Low Interest Loan by the City of Toronto from the Federation of Canadian Municipalities (Green Municipal Fund)	No Cost to the City
Below Market Rent Lease in accordance with City policies	Nominal Cost
Capital Revolving Fund for Affordable Housing (2005) from the Affordable Housing Office as start up funding	\$350,000

Subsidy for Providing Low Cost Housing Units	\$1,800,000
Total	\$2,150,000

The total capital cost for the project is \$22,000,000 which Artscape raised from other orders of government, private fund raising, City funding and financing obtained from various financial institutions. Of this capital cost, the City has provided \$2,150,000 direct funding to Artscape.

The Section 37 contribution is a flow-through and the \$3,500,000 capital loan guarantee is at no cost to the City unless Artscape is not able to repay the loan from their financial institution. The \$90,000 grant and \$600,000 low interest loan from the Federation of Canadian Municipalities is a flow through and will not cost the City unless Artscape defaults on the terms and conditions of the tri-party agreement between Artscape, the City of Toronto and the FCM.

In Kind Funding by City of Toronto towards the Artscape Wychwood Barns Project

The following is a summary of the “in kind” costs that the City provided which are not included in the total capital cost:

Land Donation	\$1,800,000
Planning Application, Building Permits and Levies	760,000
Development Charges	130,000
Parkland Dedication	93,000
Remediation	<u>600,000</u>
Total City costs	\$3,383,000

Benefits from the Artscape Wychwood Barns

The facility, located at Wychwood and Benson Avenues, covers 60,000 sq. ft. and has generated an estimated 133,333 person hours of construction labour over an 18 month period, assuming a 50/50 split for labour and materials of the total \$16 million in construction costs and a labour rate of \$60 per hour.

The facility is providing affordable accommodation for 26 artists and their families, 17 individual artists in work studios; affordable work studios to artists; programming and office space for 13 not-for-profit arts and environmental organizations; and a community gallery, programmable event space and a sustainable food education centre for the local community and the public.

The facility is equipped with a geothermal energy conversion system to provide heating and cooling to its buildings utilizing the abutting new park lands for the laying of the pipe

system far below the surface. This technology and the utilization of an abutting public park can be considered a prototype to help alleviate energy costs and global warming if deployed on a larger scale.

Recently, the second Barn was used for a film shoot with a multi-million dollar budget during May 2009. Other benefits of the redevelopment of the Car Barns are the year round weekly farmer's market as well as the annual "Doors Open" event held annually each May.

The Barns continues to receive media coverage on heritage, environmental, cultural, community and affordable housing fronts. The project has been recognized with a 2009 Charter Award from the Congress for New Urbanism (CNU) based in Chicago; a 2009 Ontario Association of Architects Award for Design Excellence and Best in Show; and was a finalist for the 2009 Green Toronto Awards.

CONTACT

Len Brittain, Director, Corporate Finance

Phone: 416-392-5380; Fax: 416-397-4555; E-mail: lbrittai@toronto.ca

Rita Davies, Executive Director, Cultural Services

Phone: 416-397-5323; Fax: 416-392-5600; E-mail: rdavies@toronto.ca

Martin Willschick, Manager, Capital Markets

Phone: 416-392-8072; Fax: 416-397-4555; E-mail: mwillsch@toronto.ca

SIGNATURE

Cam Weldon

Deputy City Manager and Chief Financial Officer