

**Private Sector / Non-Profit Affordable Housing
Opportunity at 430 King Street West**

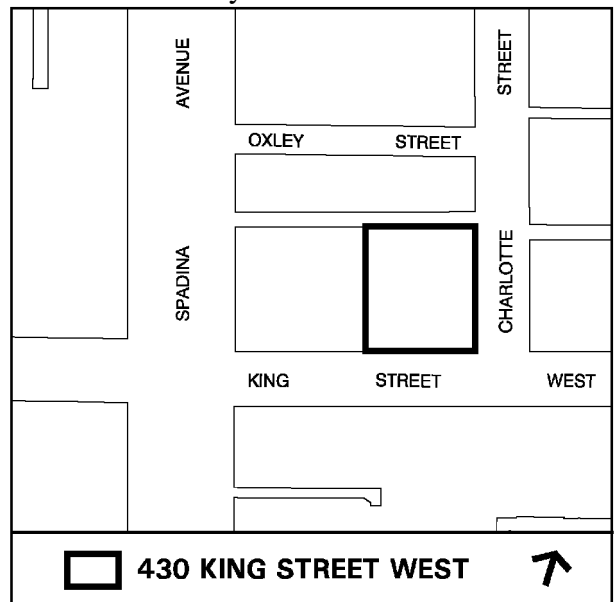
Date:	May 11, 2012
To:	Affordable Housing Committee
From:	Director, Affordable Housing Office
Wards:	Ward 20 - Trinity-Spadina
Reference Number:	AFS 15708 - Tax Relief for Four Affordable Rental Homes to be owned and managed by Non-Profit Kehilla Residential

SUMMARY

As a result of an innovative private/non-profit partnership between the developer Great Gulf Homes and the non-profit Kehilla Residential Programme, four units of affordable rental housing are being created in a new condominium under construction at 430 King Street West.

At its meeting on March 20, 2012, Toronto and East York Community Council directed staff to commence a City-initiated Official Plan Amendment (OPA) to allow four (4) homes at 430 King Street West to be owned by the Kehilla Residential Programme (Kehilla) and rented to tenants as affordable housing. Following a Preliminary Report on the OPA at April 17, 2012 Community Council, staff held a community consultation meeting on the evening of May 1, 2012. The final OPA report is anticipated to be before Community Council on June 13, 2012, and City Council at the July 11 & 12, 2012 meeting, the same meeting at which this Report is proposed to be considered.

Consistent with the OPA process, this report recommends Council take several actions, including enacting a site specific by-law to exempt the four (4) units at 430 King Street West from the existing provisions of the Municipal Housing Facility by-law and a by-law to provide an exemption for the four (4) units from property taxation for municipal and school purposes with the intent of providing affordable housing.



RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council enact a site specific by-law amending the criteria for a "housing project" in the Municipal Housing Facility By-law No. 282-2002, in the form of the draft by-law attached as Attachment No. 1 to this report to exempt the four (4) affordable rental housing units at 430 King Street West from the restriction that such units not be registered condominiums and to delete the provision that a housing project consist of a minimum of seven (7) units if the required Official Plan Amendment, is adopted by City Council.
2. City Council enact a by-law, pursuant to section 252 of the *City of Toronto Act, 2006*, and Municipal Capital Facility By-Law (No. 282-2002) authorizing an exemption from taxation for municipal and school purposes for a period of twenty-five (25) years for the four (4) affordable rental housing units at 430 King Street West to be operated by Kehilla Residential Programme, if the required Official Plan Amendment is adopted by City Council.
3. City Council enact a by-law, pursuant to section 252 of the *City of Toronto Act, 2006*, and Municipal Capital Facility By-Law No. 282-2002 authorizing the entering into of a municipal capital facility agreement with Kehilla Residential Programme, or such other corporation controlled by it, for the four (4) rental housing units at 430 King Street West, if the required Official Plan Amendment is adopted by City Council.
4. City Council authorize the Director, Affordable Housing Office, to negotiate and enter into the municipal housing project facility agreement set out in Recommendation 3 with Kehilla Residential Programme, on such terms and conditions as the Director considers appropriate and in a form satisfactory to the City Solicitor, if the required Official Plan Amendment is adopted by City Council.
5. City Council authorize the City Solicitor to make such stylistic and technical changes to the by-law referred to in Recommendation 1, 2 and 3 above, as may be required.

Financial Impact

The proposed property tax exemption will assist the Kehilla Residential Programme in providing to qualifying households four (4) rental homes located at 430 King Street West at rents or below 80% of Canada Mortgage and Housing Corporation's average market rent for the City of Toronto.

The Net Present Value of the property tax exemption is currently estimated at \$114,839 over the 25-year term, or \$8,983 per year at the current tax rate. Assuming the required Official Plan Amendment is adopted by City Council, approval of this report will result in a loss to the City of tax revenue of approximately \$8,983 per year over the next 25 years. The City is not providing any additional incentives or program funding in support of this project.

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Equity Statement

Affordable rental housing initiatives provide secure and more equitable access to housing for disadvantaged and lower-income segments of Toronto's population. Enhancing affordable housing opportunities for Toronto households improves their economic and social well-being, as well as that of the City as a whole. These households include seniors, often on fixed-incomes, single parent families, people with disabilities, recent immigrants and racial minorities. The City monitors the impact of these initiatives by tracking the number of families, waiting list households that are housed, as well as by gathering information on how many tenants from vulnerable groups are housed.

DECISION HISTORY

At its meeting of June 25, 2008, the Committee of Adjustment approved variances to By-law 1349-2007, Section 2(a) for the condominium development proposed for 430 King Street West. The variances allowed, in part, increased gross floor area and height. As a condition of granting these variances, the Committee of Adjustment, pursuant to Section 45, directed the developer to enter into agreements of purchase and sale with Kehilla for the sale, of four (4) condominium units to be used as affordable rental housing as defined in the City of Toronto Official Plan. The decision of Committee will not become final and binding until all conditions are fulfilled, in particular, the conveyance of the four (4) units to Kehilla at the time the condominium plan is registered.

At its meeting on March 20, 2012, Toronto and East York Community Council adopted TE14.60 *Affordable Four Units of Rental Housing at 430 King Street West*, which directed the Chief Planner and Executive Director, City Planning Division, to commence a City-initiated amendment to the Toronto Official Plan to allow four affordable rental units at 430 King Street West to be within a registered condominium and owned by a non-profit housing provider incorporated by The Kehilla Residential Programme.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.TE14.60>

At its meeting on April 17, 2012, Toronto and East York Community Council adopted TE15.20 *Preliminary Report - 430 King Street West - City Initiated Official Plan Amendment to Allow Condominium-Registered Rental Units*, which directed staff to schedule a community consultation meeting, together with the Ward Councillor, and

provide notice thereof to landowners and residents within 120 metres of the site. The community consultation meeting was held May 1, 2012 at the Canadian Broadcasting Centre (CBC), 250 Front Street West, Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.TE15.20>

ISSUE BACKGROUND

At its meeting on March 20, 2012, Toronto and East York Community Council considered a letter (dated March 19, 2012) from Councillor Adam Vaughan, requesting support to implement the intent of Committee of Adjustment decision with respect to 430 King Street West. Community Council directed staff to take the necessary actions to allow the four (4) affordable rental units in the new condominium development to qualify for municipal benefits, particularly an exemption from taxation for municipal and school purposes. The actions required include an Official Plan Amendment (OPA) and site specific amendments to the City's Municipal Housing Facility By-law.

The four (4) units will have rents set at or below 80% of CMHC average market rents (AMR), and so fall within the rent levels defined as affordable in the City's Official Plan (up to 100% AMR). These rent levels will be secured through the municipal housing project facility agreement, which the City will enter into with Kehilla Residential Programme. The four homes will consist of: one bachelor unit, one 1-bedroom unit, one 1-bedroom unit with den, and one 2-bedroom unit.

This private/non-profit partnership represents an innovative, mixed-income, approach to the creation of affordable housing at a time when existing federal/provincial government capital funding for affordable housing has been fully committed.

Community Consultation

As a component of the Official Plan Amendment process, on the evening of May 1, 2012, City staff hosted a community consultation meeting with the local Councillor Adam Vaughan at the Canadian Broadcasting Centre (CBC), 250 Front Street West, Toronto. Representatives from Kehilla, the developer Great Gulf Homes, and 17 members of the public attended the meeting. Comments and questions from the public included: the size of the units and whether any were appropriate for families (see unit breakdown above); how "affordable housing" is defined in this case and support for this model of affordable housing provision.

COMMENTS

To implement Council's March 20, 2012 direction with respect to 430 King Street West, this report recommends three site specific by-laws related to the Municipal Housing Facility By-law.

1. Criteria for a Housing Project

The first by-law (Attachment 1 to this report) is an amendment to the criteria for a "housing project" in the Municipal Housing Facility By-law. The Municipal Housing Facility By-law defines "housing project" as:

“a project or part of a project designed to provide or facilitate the provision of rental residential accommodation, with or without any public space, recreational facilities and commercial space or buildings appropriate thereto, which project or part of a project is not a registered condominium.”

The by-law recommended in this report would also remove the restriction that a housing project consist of a minimum of seven (7) units.

The recommended amendment to the Municipal Housing Facility By-law, as set out in Recommendation 2 of this report would exempt the affordable rental housing units at 430 King Street West from the restriction that affordable rental housing projects not be registered condominiums.

2. Entering into an Agreement

Paragraph 3(1) of the Municipal Housing Facility By-law requires City Council to pass a site-specific by-law permitting the City to enter into a municipal housing project facility agreement. The second by-law brought forward (Recommendation No. 3) in this report is the by-law permitting the City to enter into an agreement with the Kehilla Residential Programme for the provision of municipal capital facilities, being four (4) units of affordable rental housing units at 430 King Street West.

3. Exemption from Taxation

The third by-law brought forward (Recommendation No. 4) is the site-specific by-law exempting the four (4) affordable rental housing units from taxation for municipal and school purposes for a period of twenty-five years, as required by section 5(2) (a) of the Municipal Housing Facility.

In addition to the by-laws related to the Municipal Housing Facility By-law, this report recommends that Council grant authority to the Director, Affordable Housing Office, to enter into the municipal capital facilities agreement with Kehilla Residential Programme to secure the affordability of the units during the 25-year tax exemption.

Conclusion:

Through an innovative private/non-profit partnership between the condominium developer of 430 King Street West, Great Gulf Homes, and the non-profit Kehilla Residential Programme, four new units of affordable rental housing are being created. Construction of the building is underway with occupancy scheduled in October 2012.

In adopting the recommendations in this report together with proposed recommendations from Planning staff, the City will assist in creating new affordable housing opportunities at 430 King Street West.

CONTACTS

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SIGNATURE

Sean Gadon
Director, Affordable Housing Office

ATTACHMENTS

Attachment 1: Draft Amendment to Municipal Housing Facility By-law

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Authority: Toronto and East York Community Council Report TE , as adopted by City of Toronto Council on July , 2012.

Enacted by Council:

CITY OF TORONTO

BY-LAW No.

To amend By-Law No. 282-2010 "To enact a Municipal Housing Facility By-Law" to allow Council to exempt the rental housing units at 430 King Street West from the restriction that affordable rental housing projects be a minimum of seven units in size and not be registered as condominiums.

WHEREAS section 252 of the *City of Toronto Act* (the "Act") allows the Council to enter into agreements for the provision of municipal capital facilities: and

WHEREAS Ontario Regulation 598/06 sets out the classes of municipal capital facilities for which Council may enter into agreements pursuant to section 252 of the Act, one of which is affordable housing;

WHEREAS the City enacted By-Law 282-2002, "To enact a Municipal Housing Facility By-Law" which characterized affordable housing, through a definition for "housing project";

WHEREAS the definition of housing projects excludes rental housing that has been registered under a plan of condominium from being characterized as affordable housing, as well as excluding housing projects of fewer than seven (7) units; and

WHEREAS, by adopting the recommendations made in Report No., the City authorized an amendment to By-Law 282-2002 to characterize the four (4) rental housing units at 430 King Street West, which will be registered under a plan of condominium, as affordable housing.

The Council of the City of Toronto HEREBY ENACTS as follows:

1. The definition of "housing project" in By-law No. 282-2002 "To enact a Municipal Housing Facility By-law" shall be amended to read:

"housing project" means a project or part of a project designed to provide or facilitate the provision of rental residential accommodation, with or without any public space, recreational facilities and commercial space or buildings appropriate thereto, which project or part of a project is not a registered condominium, save

and except for the four (4) rental housing units located within the building at 430 King Street West, which building will be registered as a condominium."

2. Paragraph 7(b) of the Municipal Housing Facility By-law" shall be amended to read:

"the number of housing units being provided, which shall not be less than seven (7) housing units, except for 430 King Street West, Toronto where the number of housing units may be no less than four (4) units."

ENACTED AND PASSED this day of July, A.D. 2012.

FRANCES NUNZIATA
Speaker

ULLI S. WATKISS
City Clerk

(Corporate Seal)