



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Affordable Rental Housing Opportunity at 838 Broadview Avenue

Date: November 26, 2019

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat
Executive Director, Corporate Real Estate Management

Ward: 14 - Toronto-Danforth

REASON FOR CONFIDENTIAL INFORMATION

This report deals with a proposed acquisition of an interest in land by the City of Toronto.

SUMMARY

This report seeks City Council authority to enter into an agreement of purchase and sale for the City's acquisition of up to 16 new affordable rental homes, as well as provide Open Door Program funding and incentives for the homes.

The new affordable housing is being made available through the sale and redevelopment of a City-owned property at 838 Broadview Avenue, alongside the mixed-use redevelopment of the adjoining privately-owned properties at 840, 842 and 844 Broadview Avenue. The City lands at 838 Broadview Avenue are currently under the operational management of the Toronto Parking Authority (TPA) and include a retail building and parking lot.

CreateTO, the TPA, the Housing Secretariat, and Corporate Real Estate Management have been working with the owner of the adjoining properties (the "Owner") on the redevelopment plan. The Owner proposes to acquire the City site and redevelop the combined properties as an eight-storey condominium building with commercial uses at grade. The sale of 838 Broadview Avenue enables the City to leverage the value of the property to deliver the 16 new affordable homes. The affordable homes will be constructed by the Owner as part of the larger building and the City will acquire the homes on completion.

The proposed transaction includes the following City contributions to support the development of the affordable housing: proceeds from the sale of the land as outlined in Confidential Attachment 1; funds as outlined in Confidential Attachment 1 from the Development Charges Reserve Fund for Subsidized Housing (XR2116); and Open Door Program incentives in the form of planning fees, development charges and tax relief.

The Housing Secretariat will issue a Request for Proposals (RFP) to select a non-profit housing provider to operate the new affordable homes under a long-term lease with the City. The Housing Secretariat and Corporate Real Estate Management will report to City

Council on the results of the RFP process and seek authority to enter into the long-term lease with the successful non-profit group.

In addition to affordable rental housing, the development will include the construction of approximately 33 below grade parking spaces, which will be bought back, owned and operated by the TPA. The TPA Board of Directors approved a complementary report at its meeting of November 25, 2019 to support the transaction being recommended to City Council through this report.

RECOMMENDATIONS

The Executive Director, Housing Secretariat and the Executive Director, Corporate Real Estate Management recommend that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, to enter into Agreements of Purchase and Sale (the "Agreements") with the Owner of 840, 842 and 844 Broadview Avenue to acquire up to 16 condominium dwelling units (the "Affordable Housing") to be developed at 838, 840, 842 and 844 Broadview Avenue (the "Property") for the purchase price outlined in Confidential Attachment 1 to this report and substantially on the terms and conditions outlined in Appendix C to this report, and on such other or amended terms and conditions as may be acceptable to the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, and in a form satisfactory to the City Solicitor.
2. City Council authorize the Executive Director, Corporate Real Estate Management, to execute the Agreements, and any ancillary agreements and documents under the Agreements, on behalf of the City of Toronto.
3. City Council authorize the Executive Director, Corporate Real Estate Management, to administer and manage the transaction, including the provision of any consents, approvals, waivers and notices, provided that they may, at any time, refer consideration of any such matters (including their content) to City Council for consideration and direction.
4. City Council authorize the City Solicitor to complete the transaction on behalf of the City of Toronto, including paying any necessary expenses, amending the closing, due diligence and other dates, and amending and waiving terms and conditions, on such terms as they consider reasonable.
5. City Council authorize the public release of the confidential information contained in Confidential Attachment 1 once the transaction contemplated in this report has been completed.
6. City Council declare the Affordable Housing surplus to the City's requirements, effective as of the date the City acquires ownership, with the intended manner of disposal to be by way of a long-term lease to a not for profit affordable rental housing provider, to be chosen through a competitive process, for the purposes of

operating permanently affordable rental housing.

7. City Council authorize all steps necessary to comply with the City's real estate disposal process, as set out in Chapter 213 of the City of Toronto Municipal Code, be taken in relation to the Affordable Housing.

8. City Council authorize the Executive Director, Corporate Real Estate Management, to allocate funds in the amount indicated in Confidential Attachment 1 from the proceeds of the sale of 838 Broadview Avenue to the purchase of the Affordable Housing.

9. City Council authorize the Executive Director, Housing Secretariat, to provide funds up to the amount indicated in Confidential Attachment 1 in capital funding from the Development Charges Reserve Fund for Subsidized Housing (XR2116) to 2572344 Ontario Inc. and 2572345 Ontario Inc., or a related corporation, to secure up to 16 affordable rental housing dwellings units to be developed on the Property.

10. City Council approve an increase to the Staff Recommended 2020 Operating Budget for Shelter, Support and Housing Administration, in coordination with the Executive Director, Housing Secretariat, to make any necessary adjustments to accommodate the funds approved in this report from the Development Charges Reserve Fund for Subsidized Housing (XR2116), cost centre FH5417.

11. City Council authorize the up to 16 affordable rental housing units to be developed on the Property to be exempt from the payment of development charges, building, planning and parkland dedication fees.

12. City Council exempt the up to 16 affordable rental homes to be developed on the Property from taxation for municipal and school purposes for the term of 50 years, from the date of first occupancy.

13. City Council authorize City staff to cancel or refund any taxes paid after the effective date of the by-law exempting the property from taxation.

14. City Council authorize the Executive Director, Housing Secretariat, to negotiate and enter into, on behalf of the City, a municipal housing facility agreement (the City's "Contribution Agreement") and any other agreements necessary to secure the financial assistance and to set out the terms of the development and operation of the Affordable Housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer and General Manager, Shelter, Support and Housing Administration, in a form approved by the City Solicitor.

15. City Council authorize severally each of the Executive Director, Housing Secretariat and the General Manager, Shelter, Support and Housing Administration to execute, on behalf of the City, any security or financing documents required by 2572344 Ontario Inc. and 2572345 Ontario Inc. or its related corporation, or the successful non-profit proponent under the competitive process for an operator, any security or financing documents to secure construction and conventional financing

and subsequent refinancing, including any postponement, tripartite agreement, confirmation of status, discharge or consent documents where and when required during the term of the Contribution Agreements, or any other documents required to facilitate the funding process, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by City Council.

16. City Council authorize and direct the Executive Director, Housing Secretariat to undertake a competitive process for the selection of a not for profit affordable rental housing provider to operate affordable rental housing for up to 16 affordable rental homes at the Property for a minimum period of at least 50 years, under a long term lease with the City, in consultation with the Ward Councillor.

17. City Council authorize the Executive Director, Housing Secretariat to provide any consent necessary, pursuant to the Contribution Agreements to assign the Contribution Agreements and to negotiate and enter into any agreements or other documents required to effect such assignment on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

This report seeks Council authority to provide City capital contributions and incentives through the Open Door Affordable Housing Program for up to 16 affordable rental units at the Property for the price outlined in Confidential Attachment 1.

Acquisition and development funding outlined in Confidential Attachment 1 is proposed from the DevelopmentCharges Reserve Fund for Subsidized Housing (XR2116). The uncommitted balance in the Development Charges Reserve Fund is sufficient to accommodate the costs associated with this report.

Open Door Program incentive contributions are proposed as follows:

Affordable Rental Homes	Estimated Affordability Period	Estimated Development Charges*	Estimated Planning Fees and Charges**	Estimated Net Present Value of Property Taxes	Estimated Total Value of Incentives
16	50	\$507,224	\$175,859	\$327,683	\$1,010,766

* calculated using November 2019 Rates as per By-law 515-2018.

** includes estimated 2019 building permit fees of \$19,194, planning fees of \$76,664, and parkland dedication fees of \$80,000.

This report also seeks Council authority to allocate an amount outlined in Confidential Attachment 1 from the proceeds of the sale of 838 Broadview Avenue to the purchase of the Affordable Housing.

Should City Council authorize the acquisition of the Affordable Housing units, the Housing Secretariat anticipates conducting a competitive proposal call to select a non-profit proponent to work with the City to operate the 16 affordable rental homes under a long term lease for a minimum of 50 years.

Staff will report back to City Council on the results of the proposal call and request authority to enter into a long-term lease with the successful non-profit proponent.

The Chief Financial Officer and Treasurer has been provided the financial impacts associated with this report for review as part of the 2020 budget process.

EQUITY IMPACT

Access to safe, secure, affordable rental housing in all parts of Toronto is a fundamental goal of the City's Housing Opportunities Toronto Action Plan 2010-2020. Providing new affordable housing is also a goal of the City's Poverty Reduction Strategy.

The development of the Property will provide the City and the neighbourhood with 16 much-needed affordable rental apartments. The City's ownership of these homes will enable the City to lease them to a local non-profit affordable housing provider, ensuring that the homes will be delivered at the lowest rents possible.

DECISION HISTORY

At its meeting on March 31 and April 1, 2016, City Council authorized the Acquisition of 838 Broadview Avenue. The TPA has continued to operate a municipal parking facility at this location along with adjacent commercial units fronting Broadview Avenue. As a part of that authorization City Council also directed that, when the site can be redeveloped for a mid-rise building with ancillary surface/underground parking; such development would be in keeping with the Broadview Avenue Planning Study.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM10.9>

City Council on December 9 and 10, 2015, adopted EX10.18 Affordable Housing Open Door Program, with amendments, which detailed land, planning and financial actions to enhance the City's ability to deliver affordable housing and achieve its approved housing targets. Council adopted actions to better utilize surplus public lands and provide financial contributions for new affordable housing from the City's Development Charges Reserve Fund for Subsidized Housing (XR2116). The City Council Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

COMMENTS

The property located at 830 Broadview Avenue is currently owned by the City of Toronto and includes a retail building and a TPA-operated parking lot. The adjoining properties at 840, 842 and 844 Broadview Avenue are currently owned by 2572344 Ontario Inc. and 2572345 Ontario Inc. (the "Owner").

CreateTO, the TPA, the Housing Secretariat, and Corporate Real Estate Management have been working with the Owner on a redevelopment plan for the combined properties. The Owner proposes to acquire the City site and redevelop the properties as an eight-storey condominium building with commercial uses at grade. The sale of 838 Broadview Avenue enables the City to leverage the value of the property to deliver up to 16 new rental affordable homes (the "Affordable Housing"). The Affordable Housing will be constructed by the Owner as part of the larger building and the City will acquire the homes when construction is complete.

This report seeks City Council authority to enter into an agreement of purchase and sale for the acquisition of the Affordable Housing. Subject to approval of this report, the sales transaction will be carried out through delegated authority by the Deputy City Manager, Internal Corporate Services.

This report also recommends that, in addition to a portion of the sales proceeds, City Council approve capital funding from the Development Charges Reserve Fund for Subsidized Housing and incentives through the Open Door Affordable Housing Program to support the delivery of the new affordable rental homes.

The 16 new affordable rental homes are proposed to include a mix of 12 one-bedroom and 4 two-bedroom units at a total gross floor area of approximately 11,517 sq. ft. or approximately 19% of the residential area. Should the proposed built-form be changed as a result of the City's Planning process, the Owner will be permitted to amend the gross floor space of the Affordable Housing (or number of units) by a proportionate amount and the City's financial contribution will be adjusted accordingly.

CONTACT

Valesa Faria, Director (A)
Housing Secretariat
Phone: 416-392-0602
Email: Valesa.Faria@toronto.ca

Nick Simos, Director (A)
Real Estate Services
Phone: 416-392-7223
Email: Nick.Simos@toronto.ca

SIGNATURE

Sean Gadon
Executive Director, Housing Secretariat

Patrick Matozzo
Executive Director, Corporate Real Estate Management

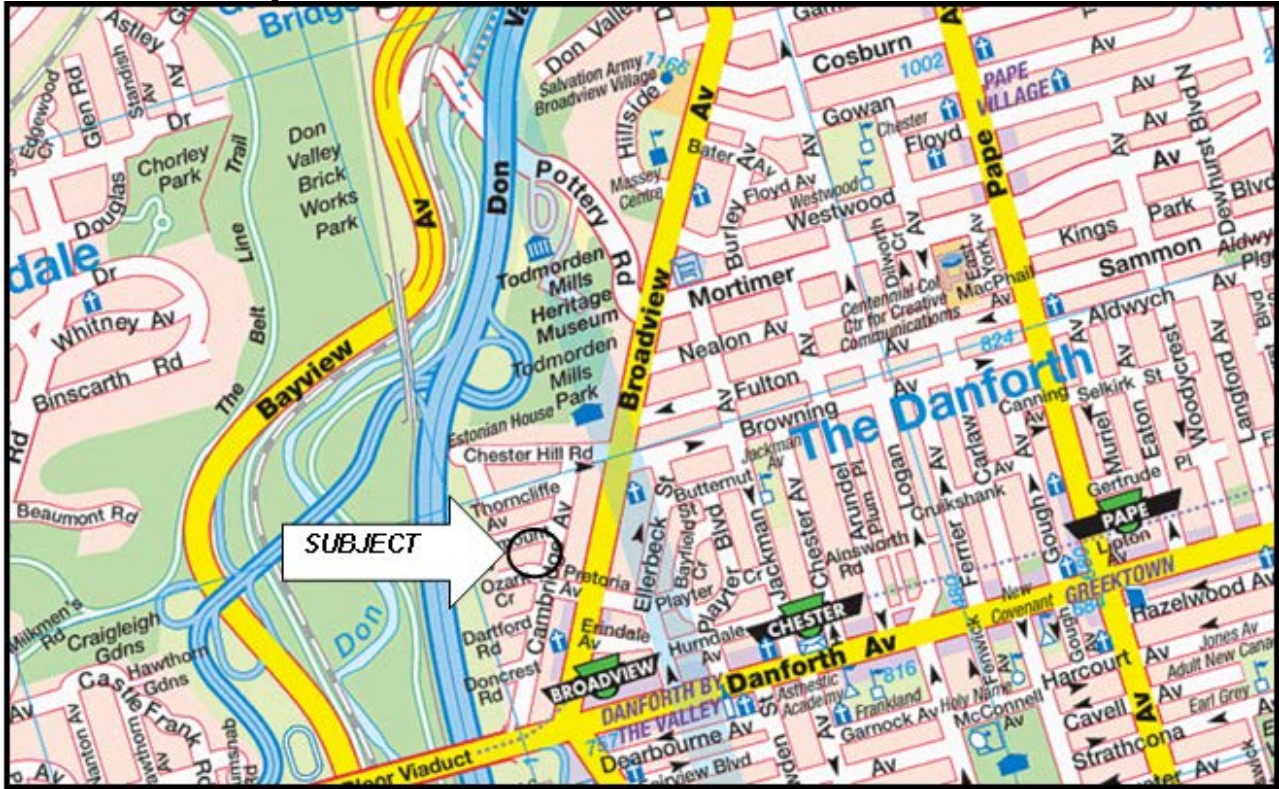
ATTACHMENTS

Appendix A – Location Map
Appendix B – Proposed Rendering
Appendix C – Affordable Housing Details

Confidential Attachment 1 – Major Proposed Terms of Purchase for 838 Broadview Avenue

Appendix A

Location Map





Appendix B

Proposed Rendering



Appendix C

Affordable Housing Details

The Agreement of Purchase and Sale (the Agreement(s)) for the purchase of the up to 16 units in the condominium the (Affordable Housing Units), to be developed at 838, 840, 842 and 844 Broadview Avenue (the Development), shall be entered into before the first above-ground permit for the Development has been issued and shall include, but not be limited to the following terms and conditions, and such other or amended terms and conditions as may be acceptable to the Executive Director, Housing Secretariat, and Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor.

- a) The City shall execute the Agreement(s) within thirty (30) days of having received:
 - (i) the Owner's standard form of agreement of purchase and sale for the Development, which has been amended to reflect the terms and conditions of this Appendix C; and
 - (ii) the applicable condominium information package, including the declaration, which is being provided to all purchasers of units within the development;
- b) The Owner shall execute all Agreements within fifteen (15) days of receipt of the Agreements signed by the City;
- c) Each Agreement of Purchase and Sale shall set out a purchase price per unit as identified in Confidential Attachment 1, inclusive of HST and closing adjustments, as set out below;
- d) The Owner is to provide a minimum of approximately 11,517 square feet of finished residential space, provided as 16 residential condominium units on a single floor of the building agreed to by the Executive Director, Housing Secretariat, which units will be indistinguishable, in design and finishing including appliances, from the balance of units in the Development, before upgrades made by purchasers;
- e) There are to be 12 one bedroom units and 4 two bedroom units;
- f) All Affordable Housing Units shall be serviced for utilities in the same manner as all other units in the Development;
- g) No provision in any condominium document for the Development, shall be permitted to limit the rights or privileges of the owners of the Affordable Housing Units;
- h) the Agreement(s) shall contain a provision that the leasing of all of the Affordable Housing Units, to a not for profit housing provider who shall be the party taking occupancy of the units, during interim occupancy, shall not constitute an assignment of the Agreement;

- i) Neither parking nor lockers shall be included in the purchase price;
- j) The City shall not be obligated to pay any deposits, and the purchase price will be payable as follows:
 - (i) 50% within 30 days of the Agreements being fully executed;
 - (ii) 40% within 30 days of the receipt of the first building permit; and
 - (iii) 10% on closing of the Agreements;
- k) The purchase price will be inclusive all of usual adjustments, save for interim occupancy fees;
- l) Any costs associated with the Transfer of the units at the time of closing, including but not limited to land transfer tax, HST and registration fees, related to the acquisition from the Owner, by the City to be absorbed by the Owner;
- m) In the event that the Gross Floor Area ("GFA") of the development proposal is reduced during the Planning approvals process, it is understood that the GFA of the Affordable Housing will be reduced proportionately and the cost for the Affordable Housing will be reduced proportionately, as agreed by the City and the Owner acting reasonably;
- n) As a registrant, required to self-assess and remit HST, the City shall execute and deliver a certificate confirming that it is a registrant, provide its HST Registration Number and confirming that the City's registration has not been withdrawn or revoked. The City will further undertake to self-assess, file returns and remit to the appropriate authority any HST owing in respect of the transfer of the Affordable Housing to the City.