

Creating 172 New Affordable Rental Homes at 300-304 The East Mall

Date: May 28, 2021

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat

Wards: Ward 2 – Etobicoke Centre

SUMMARY

This report recommends that City Council approve Open Door Program incentives for up to 172 affordable rental homes, including 30 supportive housing units, to be created at 300-304 The East Mall, also known as Valhalla Village. The project is proposed to be developed by KingSett Capital's KingSett Affordable Housing LP which was established for the purpose of delivering affordable housing in major Canadian urban centres.

The new affordable rental homes to be developed at 300-304 The East Mall will remain affordable for a minimum of 40 years and will be part of a larger mixed-income, mixed-use development. The project is striving to be an energy efficient, zero carbon community and aims to include a significant number of fully accessible, supportive housing units, though building design is still being refined. KingSett Affordable Housing LP ("KingSett Capital") has proposed to partner with the Safehaven Project for Community Living to design and provide the supportive homes onsite for children with developmental disabilities and other complex needs. KingSett Capital is also exploring partnerships with other non-profit organizations for the remaining affordable rental homes. In addition to the 172 affordable rental homes, 219 market rental homes are proposed to be developed during the first phase of the development.

The Open Door Program incentives recommended for Council approval will assist KingSett Capital in providing affordable housing options to low-and-moderate-income households, including persons with disabilities and those from equity-deserving groups. Approval of this project will also contribute towards the delivery of the City's HousingTO 2020-2030 Action Plan which aims to approve 40,000 new affordable homes, including 18,000 supportive housing units by 2030.

RECOMMENDATIONS

The Executive Director, Housing Secretariat recommends that:

1. City Council authorize up to 172 affordable rental units to be constructed on the lands known as 300-304 The East Mall to be eligible for waivers of planning application, building permit, and development charge exemptions.
2. City Council authorize an exemption from taxation for municipal and school purposes for 40 years for the 172 affordable rental units to be constructed on the lands known as 300-304 The East Mall.
3. City Council authorize the Executive Director, Housing Secretariat to negotiate and enter into, on behalf of the City, a municipal housing project facility agreement (the "Contribution Agreement") with KingSett Affordable Housing LP ("KingSett Capital") for the development of the affordable housing to be constructed on the lands known as 300-304 The East Mall, to secure the financial assistance being provided and to set out the terms of the operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form approved by the City Solicitor.
4. City Council authorize City staff to cancel or refund any taxes paid after the effective date the Contribution Agreement.
5. 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 KingSett Capital to secure construction and conventional financing and subsequent refinancing, including any postponement, tripartite, confirmation of status, discharge or consent documents of any City security documents where and when required during the term of the municipal housing facility agreement, 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 Council.

FINANCIAL IMPACT

This report recommends the provision of an estimated \$11,481,058 in Open Door incentives to KingSett Capital to support the development of the 172 affordable homes at 300-304 The East Mall.

Since this project is in the final planning approval stage, the applicable planning application fees have already been paid by the developer and will not be waived. Additionally, as there will be on-site parkland dedication for this development, there are no parkland dedication fees applicable to this site.

The financial incentives recommended for Council approval (which reflect the outstanding fees and charges) are summarized in Table 1 below:

Table 1 - City Financial Incentives

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
172	40	\$7,228,156	\$234,276	\$4,018,626	\$11,481,058

*calculated using November 2020 Rates and reflect estimated development charges applicable for 172 units

**includes estimated 2021 building permit fees of \$234,276.

The City's financial incentives include relief from the outstanding development charges and building permit fees as anticipated to support the development process. The incentives also include relief from property taxes for municipal and school purposes for the 40 year affordability period.

The value of the annual property tax exemption is estimated at \$173,855 at 2021 rates. The net present value over the 40 year-term is estimated at \$4,018,626 as summarized in Table 2 below:

Table 2 - Property Tax Exemption

Property Tax	*Annual	Net Present Value (NPV): 40 Years
City	\$128,409	\$2,968,134
Education	\$43,534	\$1,006,279
City Building	\$1,913	\$44,212
Total:	\$173,855	\$4,018,626

*calculated using 2021 Rates

A tax exemption would have no net present impact to the City for the educational portion of taxes remitted to the Province.

In the event of default, the Contribution Agreement will provide that the by-law providing the property tax exemption be repealed.

It is anticipated that the new affordable rental units will be available for occupancy beginning late 2024. As noted earlier in this report, 30 of the 172 units are intended to be operated by Safehaven Project for Community Living as supportive housing with onsite supports for children with developmental disabilities and other complex needs. The operating costs associated with delivering the support services will be the sole responsibility of the operator and will not result in any additional costs for the City.

The Chief Financial Officer and Treasurer have reviewed this report and agrees with the financial impact information provided.

EQUITY IMPACT

The HousingTO 2020-2030 Action Plan ("HousingTO Plan") envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO Plan is also centred on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building inclusive, healthy, sustainable and liveable communities.

The redevelopment of 300-304 The East Mall will increase the opportunity for low-to-moderate income households and those from equity-deserving groups to access good quality, safe, affordable homes. The significant number of accessible homes to be created at this site will also help persons with disabilities and improve their housing and health outcomes.

Access to good quality, safe, affordable housing is an important determinant of health and also improves the social and economic status of an individual. Good quality, affordable housing is also the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole.

DECISION HISTORY

At its meeting on February 14, 2019, Etobicoke York Community Council, through report EY3.5, "Preliminary Report - 300-304 The East Mall - Zoning By-law Amendment Application", directed Planning staff to undertake community consultations for the Zoning By-law Amendment application located at 300-304 The East Mall and include Toronto Public Health in the circulation for comments with emphasis on aircraft, highway, and transportation related noise, and air quality.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EY3.5>

The Zoning By-law Amendment and Site Plan applications submitted for the site proposed one mid-rise mixed-use building on the east side of the site ranging in height from 2-10 storeys with residential units, and the community agency space and ground floor retail space and three residential apartment towers on the west side of the site with heights ranging from 21-29 storeys above a 4-storey base building with office space. The development proposed to contain 1,023 dwelling units and provide a total of 1,044 vehicle parking spaces predominantly within a connected 3 level below grade parking garage.

At its meeting on September 30 and October 1-2, 2020, City Council, through report EY17.1, "Final Report - 300 - 304 The East Mall - Zoning By-Law Amendment Application", approved the Zoning By-Law Amendment Application to redevelop the site, subject to the owner entering into a Section 37 agreement to secure community benefits, which includes a Community Agency Space of at least 5,000 square feet, along with a number of other matters as a legal convenience.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EY17.1>

COMMENTS

Background

KingSett Affordable Housing LP is a fund strategy of KingSett Capital, a private equity real estate investment firm. The purpose of the fund is to deliver affordable housing in major Canadian urban centres.

In March 2021, KingSett Capital submitted a business case to City staff incorporating affordable rental homes in their proposed Valhalla Village development which is in its final planning approval stages. Both parties have worked together and have agreed that the project will include 172 affordable rental units, including 30 supportive housing units, to be kept affordable for a minimum of 40 years. For clarity, supportive housing refers to affordable rental homes with a range of support services which help residents to achieve housing stability, live as independently as possible, and improve their overall health and wellbeing.

Staff in the Housing Secretariat and the Shelter Support and Housing Administration (SSHA) divisions have reviewed and are satisfied with the proposed development and future operating budgets for the project.

KingSett Capital anticipates partnering with the Safehaven Project for Community Living to design and provide supportive housing onsite to children with developmental disabilities and complex care needs. Two residential floors (30 units or 52 beds) are being designed for Safehaven's exclusive use. KingSett Capital is also exploring partnership opportunities with additional non-profit organizations to tenant the affordable housing units.

Rents for the 172 affordable rental homes are proposed be set at 100% Average Market Rent over the 40-year affordability term. Deeper levels of affordability for residents can be achieved through the layering of housing benefits.

Proposed Built-Form

The approved 300-304 The East Mall development will be comprised of one mid-rise, mixed-use building containing residential units and ranging in height from 2-10 storeys on the east site of the site, and three residential apartment towers on the west side of the site with heights ranging from 21-29 storeys, including a 4-storey base building with office space, along with community agency space and ground floor retail space.

The total development is proposed to contain 1,023 residential units (including 172 affordable rental homes and 219 market rental homes in the first phase, and 632 market homes in the second phase), a variety of amenity spaces, and provide a total of 1,044 vehicle parking spaces predominantly within a connected 3 level below grade parking garage. In total, the development will contain an estimated gross residential area of 282,670 square feet.

Building Amenities

The development has been designed to include numerous shared amenities that are communal, inclusive spaces, accessible and suitable for shared use by all residents. These amenity spaces will be available to all tenants in the complex and are designed to facilitate barrier-free access throughout. Retail and office space will also be developed at the site, along with a 5,000 square foot community agency space and a new on-site park and publicly-accessible open space.

Accessibility and Design

The proposed project has been designed to meet the needs of future tenants, helping them to secure adequate, accessible homes. The project also proposes to include 30 supportive housing units that will provide a higher standard of living for persons with mobility and cognitive disabilities, whose needs are not usually met by conventional residential units.

The supportive housing units include wider corridors and larger bedrooms with sufficient circulation space on all sides of the bed and adequate turnaround space for mobility devices. Washrooms include direct access from the adjacent bedroom via a ceiling track hoist system, and are designed to be universally accessible, including roll-in tile showers, grab bars and seats in the showers, under-sink clearance, and adequate turnaround space for mobility devices.

Accessible units are proposed to be provided in a range of sizes and are evenly distributed throughout the development. The amenity spaces are designed to be communal, inclusive spaces, accessible and suitable for shared use by all residents. Fifteen percent of the units will be designed to a barrier-free standard.

The project aims to be an energy efficient, zero carbon community. The building will include durable flooring in the living spaces and the bathrooms, and will incorporate a high level of energy efficient design and specifications that could include high efficiency heating equipment, programmable thermostats, power meters for all systems, recovery and reuse of waste heat, low-flow plumbing fixtures, LED lighting, occupancy sensors and daylighting controls.

Status of Planning Application

The Zoning By-Law Amendment Application was approved by City Council at its meeting on September 30 and October 1-2, 2020. In December, 2020, a Site Plan application was submitted to the City which is currently under review. Subject to approval of all applications and project financing, construction is estimated to begin in late 2021 and be completed in 2023-2024.

The Open Door incentives which are the subject of this report will apply to building and other permit applications/requirements, as identified through the planning approval process.

Conclusion

The HousingTO Plan sets a target of 40,000 new affordable rental homes, including 18,000 supportive housing units by 2030. The HousingTO Plan also identifies that increasing the supply of supportive housing is critical to addressing the housing and health needs of vulnerable and marginalized residents, including people with developmental disabilities who often require specialized supports to achieve and maintain stable housing.

While there is a legacy supply of supportive housing across the city, the demand for this type of housing has outstripped supply and will continue to grow due to a number of factors, including but not limited to: the increasingly complex health and housing needs of residents; an aging population; and a challenging housing and homeless situation which has been compounded by the ongoing COVID-19 crisis. As such, the City continues to focus on working with all orders of government and the non-profit and private sectors to increase the supply of affordable homes with a range of supportive services for a range of needs.

The 172 new affordable rental homes proposed at 300-304 The East Mall, which includes 30 supportive housing units, will provide much-needed affordable housing options for low-and-moderate income households, including persons with developmental disabilities who have been identified as a priority group by the City. Additionally, this project is a great example of collaboration among the public, private and non-profit sectors to deliver good quality, affordable and supportive housing within an inclusive, mixed-income community.

CONTACT

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SIGNATURE

Abigail Bond
Executive Director, Housing Secretariat

ATTACHMENTS

Attachment 1: Site Map showing 300 - 304 The East Mall

ATTACHMENT 1: SITE MAP SHOWING 300 - 304 THE EAST MALL

