

Creating an Additional 92 Affordable Rental Homes at 1750 Ellesmere Road

Date: June 14, 2021

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat

Wards: Ward 24 – Scarborough-Guildwood

SUMMARY

On October 2, 3 and 4, 2017, through Item No. EX27.14, City Council approved Open Door Program incentives to support the creation of 150 new affordable rental units at 1750 Ellesmere Road. The initial development proposal has since been modified and it is now possible to add an additional 92 affordable rental homes to the site, for a total of 242 affordable rental units. The zoning relief necessary for these changes was approved by the Committee of Adjustments on October 14, 2020, and upheld through a recent Local Planning Appeal Board decision. However, the zoning relief is subject to the proponent meeting certain conditions, including that the additional 92 affordable rental units receive City Open Door Program incentives

This report recommends City Council approval of Open Door Program incentives for the additional 92 new affordable homes at 1750 Ellesmere Road. Approval of the recommendations in this report would help fulfil the zoning relief condition and ensure that the entire building containing 242 new homes can be delivered as affordable rental housing. Additionally, these new homes, which are estimated to be ready for occupancy by December 2024, will provide much-needed affordable housing opportunities for low-and-moderate incomes households, including those from equity-deserving groups, seniors and essential workers.

Council's approval of Open Door incentives for the additional 92 affordable rental units would also support the City's HousingTO 2020-2030 Action Plan objective of approving 40,000 new affordable rental homes by 2030.

RECOMMENDATIONS

The Executive Director, Housing Secretariat recommends that:

1. Council authorize up to 92 additional affordable rental housing units to be constructed on the lands known as 1750 Ellesmere Road to be exempt from the payment of development charges, and be eligible for waivers of building permit, planning application and parkland dedication fees and charges.
2. City Council authorize an exemption from taxation for municipal and school purposes for 40 years for the additional 92 affordable rental units to be constructed at 1750 Ellesmere Road.
3. City Council authorize the Executive Director, Housing Secretariat, to negotiate and enter into, on behalf of the City, a municipal housing facility agreement, with Fine Green Developments Limited to secure the financial assistance being provided and to set out the terms of the development and 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 of the Contribution Agreement.

FINANCIAL IMPACT

Proposed Open Door Incentives for 92 Additional Affordable Rental Homes

This report recommends that City Council, as part of the Open Door Program, allocate financial incentives to support the creation of up to 92 additional affordable rental homes at 1750 Ellesmere Road. These 92 affordable rental homes are in addition to the 150 units previously approved by Council to receive Open Door incentives through Item No. EX27.14.

While the 150 affordable rental homes previously approved by Council to receive Open Door incentives will remain affordable for 25 years, the additional 92 affordable homes will remain affordable for a minimum of 40 years.

The Open Door incentives for the affordable rental homes recommended by this report are within the approved ten-year Open Door Program financial plan to support implementation of the overall HousingTO 2020 – 2030 Action Plan. The incentives include relief from development charges, building permit, planning and parkland dedication fees as well as municipal property taxes.

Based on the City's current applicable fees, charges and tax relief estimates, this report proposes an additional investment of approximately \$6.916 million in City incentives as summarized in Chart A below.

Chart A: Additional Open Door Incentives Proposed

Affordable Rental Homes	Total Affordability Period	Estimated Additional Development Charges*	Estimated Additional Fees and Charges**	Estimated Net Present Value of Property Taxes***	Estimated Total Value of Incentives
92	40 years	\$4,044,911	\$687,624	\$2,183,714	\$6,916,248

*Calculated using November 2020 rates
 **Includes 2021 Building Permit fees of \$152,402, 2021 Planning fees of \$75,222, and Parkland Dedication fees of \$460,000.
 ***Calculated using current (2021) property tax rates.

The value of the annual property tax exemption is estimated to be \$94,473 at 2021 rates. The net present value of the tax exemption over the 40 year-term is estimated at \$2,183,714, as summarized in Chart B below.

Chart B: Additional Property Tax Breakdown

Property Tax	Annual	NPV: 40 Years
City	\$69,777	\$1,612,879
Education	\$23,656	\$546,810
City Building	\$1,039	\$24,025
Total:	\$94,473	\$2,183,714

Summary of Previously Approved Contributions at 1750 Ellesmere Road

Chart C details the contributions approved by City Council in October 2017 through item EX27.14.

Chart C: Open Door Contributions Approved in October 2017

Affordable Homes	Affordability Period	Capital Funding	Estimated Fees and Charges	Net Present Value of Property Taxes	Total Value of Funding & Incentives
150	25 years	\$1,500,000	\$3,610,000	\$2,133,000	\$7,243,000

The estimated additional City contribution of \$6.916 million brings the total City contribution for affordable housing at 1750 Ellesmere Road to \$14.16 million for 242 new affordable homes. Of this amount, \$1.5 million is in the form of a direct capital payment, while the balance represents the forgiveness of City taxes and levies and is thus foregone revenue to the City.

A property tax exemption would have no net present impact to the City for the educational portion of taxes remitted to the Province and there are no further financial impacts to the City.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as presented in the financial impact section of the report.

EQUITY IMPACT

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

Creating new affordable housing at 1750 Ellesmere Road will increase the opportunity for individuals and families from structurally vulnerable and marginalized groups, including Indigenous, Black and other racialized groups, seniors, women, and members of the LGBTQ2S+ community to access safe, healthy and adequate homes. The new affordable rental homes to be developed at this site will also provide much-needed housing opportunities for essential workers.

Access to good quality, safe, affordable housing is an important determinant of health and also improves the social and economic status of individuals and families. 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 of May 5, 2021, City Council approved Item No. SC23.2, and designated the lands at 1744 to 1750 Ellesmere Road as a Class 4 Area under relevant provincial noise guidelines administered by the Ministry of Environment, Conservation and Parks (MECP). The Class 4 Area designation allows for higher daytime and night-time sound level limits than would otherwise be permitted in relation to a noise sensitive land use such as residential dwellings and associated outdoor living areas.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.SC23.2>

At its meeting of October, 14, 2020, the Committee of Adjustment approved a second minor variance application (A0200/20SC) for a total of 242 affordable rental dwelling units. The approval has been appealed to the Toronto Local Appeal Body (TLAB).

At its meeting of October 2, 3 and 4, 2017, City Council adopted EX27.14, "Creating 298 Affordable Rental Homes in Toronto - Results of the 2017 Open Door Call for Applications", which provided \$1.5 million in capital funding and Open Door Program

incentives including exemptions from the payment of development charges, building, planning and parkland dedication fees, to support the development of 150 affordable rental homes at 1750 Ellesmere Road.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX27.14>

At its meeting of December 1, 2010, the Committee of Adjustments approved a minor variance application to facilitate the proposal for 150 affordable rental dwelling units (A0108/10SC).

COMMENTS

Site Context

The 1750 Ellesmere Road site is located on the north side of Ellesmere Road east of Grangeway Road within the Scarborough Centre. It is a triangular shape with an area of 5,900 sq. m and a frontage of 120.75 metres (“m”).

The subject site is a short walking distance to the Scarborough Town Centre, a regional shopping centre containing a wide range of shops, services, dining and entertainment facilities as well as several other similar stand-alone commercial and service facilities in the general area. The site is well served by both local and regional public transit and is within 500 m of the McCowan LRT station

Affordable Rental Housing

In October 2017, City Council approved an application by the Verdiroc Development Corporation and Greenwin Inc. for Open Door Program funding and incentives to support the creation of 150 affordable units at 1750 Ellesmere Road. Verdiroc and Greenwin are a development corporation and rental housing provider under the same ownership. In the course of the Site Plan review process, the planned commercial spaces were eliminated, enabling the creation of an additional 92 residential units in its place.

It is proposed that, subject to Council's approval of the recommendations in this report, the 92 additional residential units will be designed as affordable rental homes. Rents for the additional 92 affordable rental homes are proposed to be 100% of Average Market Rent, which is the same rent level as the 150 units previously approved. Deeper levels of affordability may be achieved by households in receipt of a housing benefit.

The approved building will be 15-storeys in height, including an eight-storey podium. The planned unit mix is as follows:

- 97 (40%) 1-bedroom units
- 121 (50%) 2-bedroom units
- 24 (10%) 3-bedroom units

It is proposed that all 242 units in the building will be affordable. Additionally, up to 20% of the homes will be allocated for tenants eligible for, or in receipt of, housing benefits.

In terms of accessibility, this building will exceed the Ontario Building Code's (OBC) requirement. In addition to meeting the OBC's 15% barrier-free requirement, an additional 5% units will be made accessibility and built to a standard that exceeds the barrier-free requirements, with additional accessibility features added.

Planning Approvals

At its meeting on October 14, 2020, Scarborough Committee of Adjustment approved Minor Variance application A0200/20SC which provided relief from certain zoning provisions and permitted an additional 92 affordable rental homes. As a condition of the relief from the applicable zoning by-law, and prior to the issuance of any building permits for the 242-unit residential apartment building, the Committee of Adjustment required that the 92 additional affordable rental units receive City Council approval for Open Door Affordable Rental Housing Program incentives.

An appeal of Minor Variance application A0200/20SC was made to the Toronto Local Appeal Board (TLAB) by a third party, and subsequently, a separate site plan appeal was made by the proponent, triggering a joint hearing at the Local Planning Appeal Tribunal (LPAT). On May 25, 2021, the Local Planning Appeal Tribunal heard an appeal of this item. The LPAT decision upheld the minor variances approved by the Scarborough Committee of Adjustment, and the relief from the zoning provisions.

Conclusion

Council's approval of the recommendations in this report will support the delivery of an additional 92 affordable rental homes at 1750 Ellesmere Road, for a total of 242 affordable rental homes at this site. The 92 additional homes will remain affordable for a minimum of 40 years and provide much-needed housing opportunities for low-and-moderate income households in an area that is close to various amenities and well-served by public transfer.

Subject to Council's approval, it is anticipated that construction will begin at the site in December 2021 and be completed by July 2024.

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SIGNATURE

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ATTACHMENTS

Attachment 1 – Location Map of 1750 Ellesmere Road

ATTACHMENT 1 - LOCATION MAP OF 1750 ELLESMERE ROAD

