Clause embodied in Report No. 1 of the Policy and Finance Committee, as adopted by the Council of the City of Toronto at its meeting held on January 27, 28 and 29, 2004.

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Regent Park Revitalization Financing Issues

(City Council on January 27, 28 and 29, 2004, adopted this Clause, without amendment.)

The Policy and Finance Committee recommends the adoption of the report (January 5, 2004) from the Chief Financial Officer and Treasurer.

The Policy and Finance Committee reports, for the information of Council, having received the report (December 29, 2003) from the Chief Administrative Officer.

The Policy and Finance Committee submits the following report (January 5, 2004) from the Chief Financial Officer and Treasurer:

Purpose:

To provide an assessment of the financial implications of implementing property tax exemptions, providing infrastructure support and securing alternative lower cost financing mechanisms for the Toronto Community Housing Corporation as anticipated within the context of the Regent Park redevelopment initiative.

Financial Implications and Impact Statement:

Based on an analysis of the proposed development schedule, it is projected that the foregone property tax revenue arising from the granting of a fifteen-year property tax exemption on the replacement of 2,087 Toronto Community Housing Corporation (TCHC) rent-geared-to-income (RGI) housing units will be more than offset by new tax revenue arising from the proposed additional 2,825 market value housing units and ancillary commercial space within the redeveloped Regent Park over the fifteen-year period. At the conclusion of full build-out (year 2017), it is estimated that the City's annual property tax revenue will be $1.1 million higher as compared to current tax revenues generated today.

The revitalization initiative assumes that $42 million in infrastructure costs will be borne by the City and/or senior levels of government. Staff is proposing that these costs be incorporated in the City's 2004 development charges by-law review and funded in part through development charges to the extent possible under the *Development Charges Act*. The amount of development charge funding that may be available to offset the infrastructure costs is unknown at this time and will be determined as part of the City's review in 2004. Staff are recommending that financial support be provided by senior levels of government for those infrastructure costs that cannot be legitimately funded from the City's development charges.

Development charges would not be levied against the construction of the replacement RGI units as not-for-profit housing is exempt under the City's development charges by-law. The anticipated complement of market housing would be subject to development charges as would any other private sector for-profit housing development.

With respect to acquiring alternative lower cost financing mechanisms for the TCHC to fund this project, there appears to be the potential to secure loans at favourable rates for environmentally and energy efficient model communities. The City could facilitate such loan applications with the Federation of Canadian Municipalities and the federal government.

Recommendations:

It is recommended that:

(1) City Council support the request to exempt from property taxes the new rent-geared-to-income housing units within the Regent Park revitialization plan area for a period of fifteen-years as those units are developed, under provisions of the City's Municipal Housing Project Facilities By-law;

(2) City staff be directed to incorporate, to the extent permitted under the *Development Charges Act*, the infrastructure requirements for the Regent Park Redevelopment Initiative in the City's review of its development charges by-law in 2004;

(3) the provincial and federal governments be requested to provide financial support for the costs of the infrastructure within the Regent Park Redevelopment Initiative that cannot be funded by development charges; and

(4) the appropriate staff be authorized and directed to take the necessary action to give effect thereto.

Council Reference:

The Regent Park Revitalization Action Plan prepared by the Toronto Community Housing Corporation (TCHC) envisages the phased replacement of the existing rent geared to income (RGI) housing stock with new RGI units integrated together with a new complement of market housing.

At its meeting on July 22, 23 and 24, 2003, City Council considered a report prepared by the Chief Administrative Officer to the Policy and Finance Committee concerning the Regent Park Revitalization and adopted the recommendation, amongst others, that:

"(3) Council as the Municipal Government authorize and direct:

(g) the Chief Financial Officer and Treasurer to:

(i) work with the Commissioner of Community and Neighbourhood Services and TCHC on assessing the implications of implementing property tax exemptions for the new and/or replacement rental housing for a period of fifteen years following construction, and to report back through the Policy and Finance Committee with recommendations in September 2003;

(ii) investigate alternative or lower cost TCHC financing mechanisms with TCHC, and

(iii) assess the financial implications of providing infrastructure support and relief from development charges and to report back through the Policy and Finance Committee with recommendations in September 2003."

This report responds to each of the above noted requests.

Background:

The TCHC owns and operates the existing 2,087 RGI rental housing units and ancillary facilities on the 69 acres of land known as Regent Park. The TCHC is a share capital corporation pursuant to the *Ontario Business Corporations Act* with the City of Toronto as the sole shareholder of the corporation.

Regent Park is generally bounded by Gerrard, Shuter, River, Regent and Parliament Streets and was developed between 1948 and 1959. The existing residential units are aging and are in need of significant upgrades. TCHC advises that the housing designs are obsolete and no longer conform to the needs of current households.

To address challenges within Regent Park and in collaboration with the City's Let's Build Program, TCHC undertook a planning study prepared by the Regent Park Collaborative Team consultants. The study, completed in December 2002, outlines design parameters, a redevelopment strategy and a financial strategy for undertaking a complete redevelopment of Regent Park. The consultants completed additional work in April 2003.

The TCHC proposes that over a fifteen-year period, all existing buildings in Regent Park, inclusive of the 2,087 housing units, would be demolished and replaced in phases with the same number of new rent-geared-to-income housing units, although 137 of the units would be located outside of the Regent Park boundaries. The TCHC also estimates that an additional 2,825 units of market housing can be accommodated on the site bringing the total site density to 4,775 residential units. In addition, commercial space, space for community economic development and services, and live/work opportunities would be developed and form part of this community.

The transformation of this neighbourhood is a significant undertaking requiring financial resources in the range of $450 million over the redevelopment period. The financing of the Revitalization Plan is leveraged upon a series of conditions such as the sale or lease of land to private development and operational savings that will be used for site redevelopment. The TCHC is also seeking financial incentives for the reconstruction of the new RGI units, in the form of relief from development charges, property tax exemptions from the City, and the funding of infrastructure including roads, parks, and community services and facilities.

Comments:

The TCHC estimates the cost of revitalizing Regent Park at $454.8 million. The financial plan deals only with the demolition and replacement of the 2,087 TCHC units. The funding of the additional new market housing will be the responsibility of the private developers of such housing. The TCHC proposes to finance the revitalization from TCHC equity contributions, reallocation of capital subsidy, operating efficiencies, land sales/leases, and long term debt all totaling $412.8 million. The TCHC also anticipates government contributions of $42 million for infrastructure and community service facilities.

Council at its meeting of on July 22, 23 and 24, 2003, by adoption of Clause No. 2 of Report No. 8 of the Policy and Finance Committee, acknowledged the need for the redevelopment of Regent Park. In this regard, it was recommended that consideration be given in accommodating the timing for the Regent Park redevelopment in departmental budgets and capital plans, and more importantly, for City support in applications for senior government funding for infrastructure costs. These considerations will be addressed by the appropriate staff at the appropriate time.

The following is an examination of the financial implications of providing property tax exemption, development charges relief and financing options that the Chief Financial Officer and Treasurer was directed to report on.

(A) Property Tax Exemptions:

The *Municipal Act, 2001* governs real property taxation in Ontario. Assessment of property values is the responsibility of the Municipal Property Assessment Corporation (MPAC). The *Social Housing Reform Act, 2000* determined that social housing providers be taxable for their housing projects within a municipality.

For 2003, property assessments in Ontario have been updated to reflect current values as at June 30, 2001. In 2004 and beyond, Current Value Assessments (CVA) will be updated annually, based on the previous years valuation. The CVA of a property represents an estimated market value, or the amount the property would sell for in an arm’s length, open market sale between a willing buyer and a willing seller. Property taxes are calculated by multiplying the CVA by the appropriate tax rate set by the municipality.

As an Ontario Business Corporation, the TCHC pays property taxes to the City on its landholdings. For the 2003 tax year, the TCHC is liable for approximately $3.0 million of the municipal and $0.4 million of the education portions of property taxes, for a total of $3.4 million in taxes payable for the properties within Regent Park proper.

The Revitalization Plan is predicated on the phased demolition of the existing taxable RGI housing units and construction of new replacement RGI units and additional new market units. The TCHC is seeking the fifteen-year property tax exemption on the new replacement RGI units. The TCHC would continue to pay taxes on those existing RGI units not yet demolished, but as the existing units are demolished, the TCHC tax liability would diminish over the redevelopment period. Conversely, new market units being constructed would contribute new taxes, increasing over the build-out period.

The timing of demolition and replacement of housing stock is based on ten overlapping phases with three-year cycles for taxation purposes. Each phase would be characterized as having demolition at the beginning of year 1, with new construction completed at the end of year 2, and taxes being incurred on those units commencing at the beginning of year 3. The TCHC has also provided timing and property value estimates of new ancillary commercial uses that would also be constructed and contribute additional new property taxes.

The impact of the variations in property taxes during the redevelopment phases is outlined in Table 1 listed below.

Table 1
Projected Net Municipal Property Tax Impact
During Redevelopment Period (2006-2017)

	Projected Tax Revenue								
	New Market Units		Existing RGI Units		New Commercial		Total Tax Revenues		
Year	Increase/ Year $	Cumulative Total $	Decrease/ Year $	Cumulative Total $	Increase/ Year $	Cumulative Total $	Projected Taxes $	Existing Taxes $	Net Change $
2005	0	0		2,995,593	0	0	2,995,593	2,995,593	0
2006	0	0	-418,70	2,576,891	0	0	2,576,891	2,995,593	-418,702
2007	0	0	$0	2,576,891	0	0	2,576,891	2,995,593	-418,702
2008	511,208	511,208	-220,40	2,356,491	88,293	88,293	2,955,992	2,995,593	-39,601
2009	537,585	1,048,793	-184,72	2,171,762	84,657	172,950	3,393,505	2,995,593	397,912
2010	282,498	1,331,290	-294,13	1,877,629	47,694	220,644	3,429,563	2,995,593	433,970
2011	191,648	1,522,938	-216,43	1,661,193	23,847	244,491	3,428,622	2,995,593	433,029
2012	0	1,522,938	-296,65	1,364,542	0	244,491	3,131,971	2,995,593	136,378
2013	418,946	1,941,884	-253,03	1,111,507	44,117	288,608	3,341,999	2,995,593	346,406
2014	524,946	2,466,830	-436,21	675,294	89,426	378,034	3,520,158	2,995,593	524,565
2015	299,355	2,766,185	-420,04	255,247	28,616	406,650	3,428,082	2,995,593	432,489
2016	437,050	3,203,235	-255,24	0	79,832	486,482	3,689,717	2,995,593	694,124
2017	359,708	3,562,944		0	28,616	515,098	4,078,042	2,995,593	1,082,449
Sum 2006-17	3,562,944	19,878,244	-2,995,59	16,627,447	515,098	3,045,740	39,551,431	35,947,113	3,604,317

Cumulative Net Change of Residential Taxes - 2006-2017	$558,578
Cumulative Net Change of Commercial Taxes - 2006-2017	$3,045,740
Cumulative Total Net Change (Residential + Commercial)	$3,604,317

Note Municipal (City) portion of property taxes only – 2003 Tax Rates
No new RGI units included due to the assumed 15-year tax exemption requested by TCHC
Does not include education portion of taxes remitted to the Province of Ontario
40 percent Commercial CVA and taxes based on assumptions by TCHC – Floor Area split of 40 percent commercial, 60 percent Community uses

As indicated in Table 1 above, there would be an annual impact to the City's property tax revenues during the redevelopment years anticipated in the Revitalization Plan. The year over year net change in total tax revenues shows initial negative tax positions from 2006-2008 reflecting, in part, the lag period between the demolition of old units and the construction of new units in their place. Net positive gains in property taxes would occur in year 2009 and thereafter, as the new market units and commercial space are constructed and become fully built-out. The net effect of the reconstruction would be a cumulative increase of approximately $3.6 million in City portion of property taxes over the 2006-2017 build-out period. Once build-out is achieved, the annual property tax increase relative to taxes generated today is estimated at $1.1 million.

The analysis indicates that the existing RGI units are taxed at the multi-residential tax rate of 2.5411828 percent (City portion – 2003 rate), the new RGI units are on a fifteen-year tax exemption, and the new market units would be taxed at the lower new multi-residential or residential tax rate of 0.656552 percent (City portion – 2003 rate).

The above property taxes were estimated based on forecasted development schedules and assumptions upon which the Municipal Property Assessment Corporation (MPAC) would determine the assessed values for the new market housing and commercial space, as given by TCHC. The values of the new market units are based on values of such units in neighbourhoods adjacent to Regent Park proper.

In order to evaluate the financial risks associated with such predictions, a sensitivity analysis was performed based on variations of the estimated CVA's of the new market housing. A negative variation in assessed value of approximately 3 percent would result in annual break-even property tax position at the 2017 build-out period. A 10 percent variation would result in a cumulative municipal property tax revenue short-fall at the 2017 build-out period of approximately $1.4 million, however, this would be recovered in future years as the tax exemption period for the various phases ends. In effect, a negative variance in CVA only results in a longer cost recovery period.

Table 2
Sensitivity Analysis on Net Residential Property Taxes at Build-out 2017
Varying new market housing value assessments

	Variation Percentage			
New Market Unit Type	0%	-3%	-5%	-10%
Average Apt.Condo Assessment	$190,000	$184,300	$180,500	$171,000
Average Private Rental Apt. Assessment	$140,000	$135,800	$133,000	$126,000
Average Townhouse Assessment	$280,000	$271,600	$266,000	$252,000
Net Cumulative Tax Impact at build-out 2017	$558,578	Break-even	-$262,094	-$1,429,247

Note: Variance based on the cumulative sum of net tax change between 2005 taxes (pre-demolition) and 2017 taxes (build-out), for new Market Housing Units only; All taxes calculated using 2003 rates in Constant 2003 Dollars

As previously noted, the Revitalization Plan anticipates that a fifteen-year tax exemption be granted by the City for the new RGI units as they are developed. Municipalities have authority to enter into public/private sector partnerships for specified capital facilities such as housing. Section 110 of the *Municipal Act, 2001* allows the Council of a municipality to enter into agreements with any person for the provision of municipal capital facilities, and allows the Council of a municipality to exempt from taxation for municipal and school purposes, land or a portion of land, on which municipal capital facilities are or will be located. The City has the authority to declare new social housing developments as Municipal Housing Project Facilities and thereby exempt such developments from real property taxation for both the Municipal and Education portions.

The proposed fifteen-year tax exemption, implemented via the Municipal Housing Project Facilities By-law, would apply to the new RGI units as they are developed and appropriate agreements are signed. With the construction of the 137 units off-site becoming what would otherwise be taxable at the beginning of 2006, the tax exemption would run from 2006-2020 on those units. Subsequent phases would follow a similar pattern until the final phase, which would run from 2017–2031. The year 2032 would effectively become the first year of full property taxation within the revitalized Regent Park.

(B) Infrastructure Support:

Significant infrastructure improvements are envisaged within the Regent Park Revitalization Plan. Approximately $42 million in improvements are required of which $25 million would be for hard services such as the reintroduction of the City road grid and associated sewers and parks, while the remaining $17 million would be for community facilities.

The Revitalization Plan assumes that the TCHC will not be responsible for the cost of this new infrastructure and that these costs will be borne by the City or by the federal and provincial governments through infrastructure programs. The City is limited in its ability to fund such costs by either development charges, to fund the growth related portion of capital infrastructure costs, or by debt financing. Some of the infrastructure costs associated with this development would be growth related, such as costs attributable with the new additional housing density above and beyond the existing/replacement housing, while other infrastructure items would benefit the existing population base.

The Revitalization Plan also assumes that the construction of new RGI units would be exempt from development charges, while development charges will continue to be imposed on any new market housing units.

Development charges are used as a mechanism to recover the costs of infrastructure improvements necessary to accommodate new development. The ongoing maintenance costs related to these capital investments, and which benefits both new and existing development, are paid for by all taxpayers. Normally, where new development is replacing the same amount of existing development, a credit may be issued as it is presumed that no net increase in burden would occur. In any event, the City’s current policy as embodied in its Development Charges By-law No. 476-1999, exempts not-for-profit housing from development charges, and it is presumed such policy would be continued in any revisions to the by-law. Accordingly, staff would concur that no development charges be applied to the new RGI housing units.

However, and as assumed in the Revitalization Plan, development charges would be payable on the market housing units at the rates in effect at the time of development. The estimated 2,825 new market units will have an impact on the need to provide city infrastructure and services. The amount of development charge funding that may be available to offset the infrastructure costs is unknown at this time and will be determined as part of the City's review in 2004. Staff are recommending that financial support be provided by senior levels of government for those infrastructure costs that cannot be legitimately funded from the City's development charges.

(C) TCHC Financing:

This section describes the feasibility of the City obtaining alternative or lower cost financing mechanisms on behalf of the TCHC.

The TCHC is a corporation under the *Ontario Business Corporation Act* (OBCA) and as such, for all intents and purposes is a separate corporation from the City and is responsible for its own credit and borrowing.

The *Municipal Act, 2001*, explicitly prohibits the bonusing of corporations. However, as a non-profit corporation, the City could issue or guarantee debt on behalf of the TCHC, provided that the purpose of the debt was deemed by Council to be in the interests of the City.

Several other financing options based on federal initiatives may also be feasible. The Federation of Canadian Municipalities administers a Green Municipal Funds (GMF) program for financing under its Demonstration Category. The federal government established the GMF to stimulate investment in innovative environmental infrastructure projects for municipal governments and their public or private-sector partners.

The Regent Park Revitalization is to be a model integrated planning and redevelopment process that results in a community with a high level of sustainable social, economic and environmental design features. As such, the City could assist in facilitating application by the TCHC to the Federation of Canadian Municipalities to access grants as well as loans at preferred interest rates of 1.5 per cent below the Bank of Canada 10-year bond rate, for those eligible infrastructure improvements. This could result in substantial development assistance and savings over the loan payback period.

In addition, the federal government has loans and grant programs for "sustainability" infrastructure, and additional funds geared to measures related to reductions in utility costs and energy efficiency projects. These programs are currently being revised to reflect the new funds allocated for meeting the Kyoto Accord energy reduction targets. In addition to the potential for accessing these funds, the reduction in utility costs will create operating savings for TCHC that will be reinvested in the redevelopment.

Exploratory discussions at the staff level would suggest there is real interest at the federal level in using these programs to assist in the redevelopment of Regent Park. City staff are continuing to pursue the potential for these federal funds for both infrastructure costs and means of achieving higher levels of utility costs savings.

This report has been prepared in consultation with staff in the Chief Administrator's Office, Shelter Housing and Support and with the Toronto Community Housing Corporation.

Conclusions:

The financing of the Regent Park Revitalization Initiative assumes assistance from the City in the form of relief from development charges and a fifteen-year property tax exemption on the replacement rent-geared-to-income housing units, and the funding of infrastructure including roads, parks, and community services and facilities by the City and/or senior levels of government.

Based on an analysis of the proposed development schedule, it is projected that the foregone property tax revenue arising from the granting of a fifteen-year property tax exemption on the replacement 2,087 Toronto Community Housing Corporation (TCHC) rent-geared-to-income housing units will be more than offset by new tax revenue arising from the proposed additional 2,825 market value housing units and ancillary commercial space within the redeveloped Regent Park over the fifteen-year period. At the conclusion of full build-out (year 2017), it is estimated that the City's annual property tax revenue will be $1.1 million higher as compared to the current tax revenues generated within Regent Park.

The revitalization initiative assumes that $42 million in infrastructure costs will be borne by the City and/or senior levels of government. Staff is proposing that these costs be incorporated in the City's 2004 development charges by-law review and funded, in part through development charges, to the extent possible under the *Development Charges Act*. The amount of development charge funding that may be available to offset the infrastructure costs is unknown at this time and will be determined as part of the City's review in 2004. Staff are recommending that financial support be provided by senior levels of government for those infrastructure costs that cannot be legitimately funded from the City's development charges.

Development charges would not be levied against the construction of the replacement RGI units as not-for-profit housing is exempt under the City's development charges bylaw. The anticipated complement of market housing would be subject to development charges as would any other private sector for-profit housing development.

The Regent Park Revitalization is to be a model integrated planning and redevelopment process that results in a community with a high level of sustainable social, economic and environmental design features. As such, it may be eligible for grants and loans under various federally support programs, which staff are continuing to pursue.

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The Policy and Finance Committee also submits the following report (December 29, 2003) from the Chief Administrative Officer entitled "Regent Park Revitalization – Update on City Actions (Ward 28- Toronto Centre-Rosedale)":

Purpose:

This report provides an update on City actions directed by Council on July 22, 23, and 24, 2003, to facilitate the revitalization of Regent Park.

Financial Implications and Impact Statement:

There are no financial impacts arising from this report.

TCHC staff have committed on behalf of TCHC to provide $100,000.00 to the City in each of the years 2004 and 2005 to be used to assist in offsetting costs to project manage the interdepartmental team reviewing the various applications and undertaking extensive community consultation.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendation:

It is recommended that the report be received for information.

Background:

Regent Park, built between 1948 and 1959, is one of the largest and oldest public housing developments in Canada. It is located at the eastern edge of downtown Toronto and was built in two phases on approximately 69 acres. North Regent Park is bounded by Dundas, Gerrard, River and Parliament Streets. South Regent Park is bounded by Dundas, Shuter, River and Regent Streets. Today, Regent Park is home to approximately 7,500 people and contains 2,087 housing units. On May 8, 2003, the TCHC Board of Directors approved a redevelopment plan for Regent Park and authorized staff to seek approvals from the City of Toronto.

In July 2003, Council directed City staff to undertake several actions to facilitate the review of the Regent Park revitalization proposal. This reports outlines staff's progress to date in implementing the recommendations. The Council directions from July 2003 are included as Attachment 1 to this report.

Regent Park Revitalization Proposal:

TCHC proposes that over a fifteen-year period, all existing buildings in Regent Park would be demolished and replaced with new rent-geared-to-income housing and additional market housing. TCHC estimates that 4,500 to 4,700 residential units can be accommodated on the site compared to the existing 2,087 units. The proposed plan for Regent Park would reintroduce much of the original street pattern and connect the area with surrounding neighbourhoods. The central feature of the proposal is a large park fronting on Dundas Street. An additional park is proposed adjacent to the Nelson Mandela school grounds.

Regent Park will fundamentally change with the addition of 2,500 to 2,700 new residential units. With the revitalization it is anticipated that there will be people with a variety of incomes and housing needs living in Regent Park. There will be townhouses and condominiums, market housing units and co-ops – all integrated with the new replacement rent-geared-to-income units. In addition much needed commercial space, spaces for community economic development and services, and live/work opportunities would become part of this community. This mix of people and uses would create a new and sustainable neighbourhood. Part of TCHC’s premise is that this form of mixed development has stood the test of time throughout Toronto and has been highly successful in maintaining healthy neighbourhoods.

City staff recognize the contribution that redeveloping Regent Park can make to City building. TCHC’s proposal demonstrates the vision that Council has for the City as expressed in the new Official Plan – to rebuild and create the vibrant and diverse neighbourhood that Toronto prides itself on. Regent Park can provide a legacy for the future in the form of new, quality social housing, opportunities for conventional rental housing, opportunities for seniors housing and a range of ownership options, as well as creating an integrated urban neighbourhood. The existing community is valued. There are people living in Regent Park now who want to stay in the neighbourhood after redevelopment and see their community strengths built upon. TCHC’s proposal could have a positive effect on the neighbouring communities and the east downtown area. This can be achieved while minimizing the impact on existing tenants through the phasing of development, the acquisition and use of centrally located relocation housing, and the implementation of a sensitive tenant relocation strategy.

<u>Comments</u>:

Council directed staff to undertake various actions to facilitate the revitalization of Regent Park from its Shareholder, Service Manager and City Government perspectives. In July 2003, Council directed several report backs to the Council Standing Committees early in the term of the new Council. The Council directions from July 2003 are included as Attachment 1 to this report. This report summarizes the progress made to date in implementing the Council directions. Further reports to Standing Committees will follow over the course of 2004 as work is completed.

(1) Shareholder:

Council, as sole Shareholder of the Toronto Community Housing Corporation in July 2003 approved the following:

(i) the principle of revitalising the Regent Park community;

(ii) the sale and/or long term lease of land as identified in the TCHC Report on condition that the existing 2,087 rent-geared-to-income units be replaced in Regent Park and that any net sale proceeds and any net proceeds from the lease of all or a portion of the lands be applied to the redevelopment of Regent Park, or the construction of new affordable housing, or a combination of these uses; and

(iii) the temporary reduction in the number of rent-geared-to-income units in each phase of redevelopment of Regent Park, proposed by TCHC in the TCHC Report.

Staff of the Chief Administrator's Office have been in consultation with TCHC to define reporting requirements for Regent Park redevelopment to be included in the Community Management Plan (TCHC's Business Plan) and progress in achieving targets to be reported in the Annual Report. The Annual Report, including an outline of progress in achieving objectives of the Community Management Plan will be presented to the City in May 2004. TCHC has advised it will include in its Community Management Plan report to Council, the scope, funding and timing of capital reinvestment in the entire housing portfolio. Staff of the Chief Administrator's Office are also preparing a report on parameters for TCHC subsidiary corporations in consultation with TCHC as requested by Council.

(2) Municipal Government:

Funding:

The City administration is working with TCHC on securing funding from senior levels of government. Discussions with the Federal and Provincial levels of government have been initiated to secure their participation, involvement and cost sharing in the redevelopment of Regent Park and its social development, community improvement and city building initiatives.

TCHC's application for Federal Green Municipal Funds through the Federation of Canadian Municipalities has been supported by the City. TCHC has been requested to submit a full application in early January. In 2004, senior staff will be working with TCHC to secure additional funding from the provincial and federal levels of government.

Discussions are also being held with senior staff relating to how TCHC and the City's Let's Build group may better work together in determining how affordable housing at Regent Park (over and above replacement of RGI units) might best be developed within existing and future government housing funding programs. These programs include for example the Community Rental Housing Program, SCPI, and the Capital Revolving Fund.

Interdepartmental Review:

The Chief Administrative Officer is ensuring that the interdepartmental review of the redevelopment proposal for Regent Park is undertaken as a priority. Meetings with the Commissioners and TCHC have occurred and an Interdepartmental Review Team has been established.

Representatives of the Commissioner of Urban Development Services and the Commissioner of Works and Emergency Services are co-leading the interdepartmental staff team to co-ordinate the review of TCHC's redevelopment proposal and this team is preparing the Project Management Strategy. The Project Management Strategy will ensure the development review process incorporates the requirements of the *Environmental Assessment Act.* An important component of the Project Management Strategy will also address community consultation and outline how the City will engage the community within and around Regent Park.

TCHC is not yet in a position to make an application for demolition or development. Discussions have been held to ensure that the City's Development Review Task Force initiative known as STAR - Streamlining The Application Review process facilitates the review of TCHC's applications and meets TCHC's 2004 - 2005 timelines set out in its project management outline. Commitments have been made to review development proposals for Phase 1, concurrently with establishing the overall planning framework for Regent Park.

Relocation Strategy:

TCHC's re-location strategy for tenants and the replacement strategy for units that results in full replacement of rent-geared-to-income units, is being reviewed by staff. Reporting on this aspect of the redevelopment will be integrated within the Planning report to Community Council early in the new term of Council.

Community Services:

Work is underway on defining requirements for a community and services agency impact assessment. An interdepartmental staff work group has been established and initial requirements have been provided to TCHC. TCHC has retained consultant assistance to complete work on community and services agency impact and will be conducting extensive meetings within the community around this issue.

Planning for capital projects for parkland and community facility development and developing complementary school and park uses and facilities in the Regent Park community will be addressed in the context of preparing the Secondary Plan.

Works Information:

The Commissioner of Works and Emergency Services has defined the studies, data and analyses required to assess the capacity and functional design of the physical infrastructure within Regent Park and provided the information to TCHC. TCHC has used this information to assist in preparing a request for proposals (RFP) from consultants to prepare the required studies.

Economic Development Strategy:

Economic Development Culture and Tourism have contacted TCHC about working with local business and community interests and TCHC to develop a local economic development strategy. Staff are providing input on the TCHC RFP for consultant services to assist TCHC and the city in addressing this requirement.

Affordable Housing:

Staff within Planning and Let's Build are continuing to work in partnership with TCHC on the overall housing redevelopment plan and implementation. The City's Let's Build group continues to work closely with TCHC to determine optimal methods of incorporating new affordable housing into the overall plan in keeping with the City's housing development strategy. Planning and Let's Build staff are assisting TCHC as needed, in their overall approach to site development and design of a truly sustainable mixed income/mixed tenure new community.

Social Development Plan:

Staff are establishing a work group with the community, stakeholders and TCHC to identify opportunities for skills training, community employment and education for residents and support TCHC's efforts to develop a social development plan and programs with the community.

Financial:

The Chief Financial Officer and Treasurer has prepared a report assessing the implications of providing infrastructure support and relief from development charges for TCHC. The report also addresses implementing property tax exemptions for TCHC for the new and/or replacement rental housing for a period of fifteen years following construction, and alternative or lower cost TCHC financing mechanisms. The report from the Chief Financial Officer and Treasurer accompanies this report and is also to be considered at the January Policy and Finance Committee meeting.

(3) Service Manager:

The City of Toronto, as Service Manager, under the Social Housing Reform Act, 2000 approved the redevelopment of Regent Park and the sale or lease of all or a portion of the housing project. Community and Neighbourhood Services staff have submitted the required business case to the Minister of Municipal Affairs and Housing, on behalf of TCHC. Ministerial approval is being sought for the redevelopment of and the sale or lease of a portion or all of the housing project according to Ministerial guidelines under the SHRA.

Conclusions:

City staff throughout the Corporation, are working to implement all of the Council directions and to facilitate the redevelopment of Regent Park.

All City Departments and Derek Ballantyne, CEO, Toronto Community Housing Corporation were consulted in the preparation of this report and their comments have been incorporated into the report.

Contact:

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List of Attachments:

Attachment 1: Council Directions on Regent Park, July 22, 23 and 24, 2003
Attachment 2: Regent Park Interdepartmental Co-ordinating Team Terms of Reference

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Attachment 1

Council Directions on Regent Park, July 22, 23 and 24, 2003

(1) Council, as sole Shareholder of the Toronto Community Housing Corporation,

(a) approve the principle of revitalising the Regent Park community, pursuant to section (6.3.1)(c) of the Shareholder Direction, as proposed by Toronto Community Housing Corporation ("TCHC") in the May 8, 2003 report to the TCHC Board of Directors, included as Attachment 1 to this report (the "TCHC Report");

(b) approve the sale and/or long term lease of land as identified in the TCHC Report, pursuant to section (6.3.1)(b) of the Shareholder Direction, on condition that the existing 2087 rent-geared-to-income units be replaced in Regent Park and that any net sale proceeds and any net proceeds from the lease of all or a portion of the lands be applied to the redevelopment of Regent Park, or the construction of new affordable housing, or a combination of these uses;

(c) approve the temporary reduction in the number of rent-geared-to-income units in each phase of redevelopment of Regent Park, pursuant to section (6.3.1)(c) of the Shareholder Direction, as proposed by TCHC in the TCHC Report; and

(d) request the Chief Administrative Officer to work with TCHC to define reporting requirements for Regent Park redevelopment to be included in the Community Management Plan and progress in achieving targets to be reported in the Annual Report, and to report back on parameters for TCHC subsidiary corporations;

(2) Council, as the Municipal Government authorize the City administration to work with TCHC to immediately initiate discussions with the Federal and Provincial levels of government to secure their participation, involvement and cost sharing in the redevelopment of Regent Park and its social development, community improvement and city building initiatives;

(3) Council, as the Municipal Government authorize and direct:

(a) the Chief Administrative Officer to:

(i) ensure that the interdepartmental review of the redevelopment proposal for Regent Park is undertaken as a priority, and

(b) the Commissioner of Urban Development Services and the Commissioner of Works and Emergency Services to:

(i) co-lead a senior interdepartmental staff team to co-ordinate the development review and consideration of the TCHC redevelopment proposal; and

(ii) prepare, in co-operation with other departments, a Project Management Strategy for municipal planning, building and development approvals to include the consideration of applications for an Official Plan Amendment, a Secondary Plan, a Community Improvement Plan, a Plan of Subdivision and the use of zoning and “H” provisions to achieve a prescriptive vision but flexible implementation of market and social housing over a fifteen (15)-year build out;

(c) the Commissioner of Urban Development Services to:

(i) ensure that the City’s new Development Review Task Force initiative known as STAR - Streamlining The Application Review process facilitates the review of TCHC’s applications and meets TCHC’s 2004 - 2005 timelines set out in its project management outline;

(ii) receive $50,000.00 from TCHC in each of the years 2004 and 2005 to be used to assist in offsetting costs to project manage an interdepartmental team reviewing the various applications and undertaking extensive community consultation;

(iii) review development proposals for Phase 1, concurrently with establishing the overall planning framework for Regent Park;

(iv) ensure the development review process incorporates the requirements of the Environmental Assessment Act in accordance with Section A.2.9 of the Municipal Class Environmental Assessment;

(v) review, in consultation with the Commissioner of Community and Neighbourhood Services, TCHC's relocation strategy for tenants and replacement strategy for units that results in full replacement of rent-geared-to-income units, and report through the Community Council at its first meeting of the new term of Council; and

(vi) define in consultation with the Commissioner of Community and Neighbourhood Services and the Commissioner of Economic Development, Culture and Tourism, requirements for a community and services agency impact assessment, and report through the Community Council at its first meeting of the new term of Council;

(d) the Commissioner of Works and Emergency Services to:

(i) define the studies, data and analyses required to assess the capacity and functional design of the physical infrastructure within Regent Park and provide the information to the Toronto Community Housing Corporation as it becomes available and no later than by January 15, 2004;

(ii) receive $50,000.00 from TCHC in each of the years 2004 and 2005 to be used to assist in offsetting costs to project manage an interdepartmental team reviewing the various applications and undertaking extensive community consultation; and

(iii) co-ordinate future year capital projects to synchronize with the approved construction phasing of the Regent Park redevelopment;

(e) the Commissioner of Economic Development Culture and Tourism to:

(i) work with local business and community interests and TCHC to develop a local economic development strategy and report through Economic Development Committee at its first meeting of the new term of Council;

(ii) co-ordinate future year capital projects for parkland and community facility development and improvements to synchronize with the timing of Regent Park redevelopment; and

(iii) engage the Toronto District School Board in developing complementary school and park uses and facilities in the Regent Park community;

(f) the Commissioner of Community and Neighbourhood Services to:

(i) continue to work in partnership with TCHC on the overall housing redevelopment plan and implementation;

(ii) work with TCHC to co-ordinate housing funding requirements for Regent Park redevelopment with the City's housing development strategy;

(iii) work with the community, stakeholders and TCHC to identify opportunities for skills training, community employment and education for residents and support TCHC's efforts to develop a social development plan and programs with the community; and

(iv) co-ordinate future year budget submissions for social services to coincide with the timing of Regent Park redevelopment;

(g) the Chief Financial Officer and Treasurer to:

(i) work with the Commissioner of Community and Neighbourhood Services and TCHC on assessing the implications of implementing property tax exemptions for the new and/or replacement rental housing for a period of fifteen years following construction, and to report back through the Policy and Finance Committee with recommendations in September 2003;

(ii) investigate alternative or lower cost TCHC financing mechanisms with TCHC; and

(iii) assess the financial implications of providing infrastructure support and relief from development charges and to report back through the Policy and Finance Committee with recommendations in September 2003;

(4) the adoption of the recommendations of the Community Services Committee embodied in the communication (July 3, 2003) from the City Clerk, entitled "Toronto Community Housing Corporation - Redevelopment of Regent Park - Approval Under the *Social Housing Reform Act, 2000* (Ward 28 - Toronto Centre-Rosedale)", wherein it is recommended that the report dated June 19, 2003, from the Commissioner of Community and Neighbourhood Services respecting Toronto Community Housing Corporation - Redevelopment of Regent Park containing the following recommendations, be adopted:

(a) the redevelopment of Regent Park and the sale or lease of all or a portion of the housing project be approved by the City of Toronto, as Service Manager, under the Social Housing Reform Act, 2000 ("SHRA"); and

(b) the Commissioner of Community and Neighbourhood Services be authorized to submit a business case to the Minister of Municipal Affairs and Housing (the "Minister"), on behalf of TCHC, to seek Ministerial approval for the redevelopment of and the sale or lease of a portion or all of the housing project according to Ministerial guidelines under the SHRA;

(5) TCHC to include, in its September 2003 business plan (Community Management Plan) report to Council, the scope, funding and timing of Capital reinvestment in the entire housing portfolio; and

(6) the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

Attachment 2
Terms of Reference for Regent Park Interdepartmental Review Team

Goal:	To achieve the redevelopment of Regent Park as a successful city-building initiative resulting in a revitalized neighbourhood integrated into the rest of the city.
Objectives:	To deliver on Council directions of July 2003. To develop and implement the Project Management Strategy To ensure co-ordination of study and information requirements To ensure clear communication To provide a forum to develop recommendations for Council To ensure that the review of the Regent Park redevelopment proposal, including application review, is facilitated, satisfies City requirements and meets TCHC and STAR timelines To ensure appropriate City supports are provided to facilitate the redevelopment
Composition:	Departmental and TCHC Representatives will include the departments listed below. The role of representatives is to provide a clearing-house for their department and to identify other departmental staff to attend, as needed.

UDS	Planning
WES	Development Engineering
CNS	Social Development
	Shelter, Housing and Support
EDCT	Economic Development
	Parks and Recreation Planning
FINANCE	Financial Policy and Research
COR	Legal
CAO	Corporate Governance and Performance
TCHC	

Co chairs: UDS and WES

Role of the co-chairs is to:

(i) Play the roles of navigator and driver of the redevelopment approval;
(ii) Establish agendas and chair meetings;
(iii) Liaise regularly with leadership from TCHC;
(iv) Review any reports related to the Regent Park redevelopment; and
(v) Be copied on communication regarding the redevelopment of Regent Park and be aware of meetings between City-staff and TCHC regarding Regent Park.

Meeting Format: Every three weeks
Formal Agenda
Staff Working Group
Administrative support by CAO office (Meeting planning and minutes)

Timeframe: December 30, 2004
Progress to be reviewed at that time

Support:

Staff are available as contacts on specific issues which were identified in the June 26, 2003, report by the CAO to Council. These staff may attend meetings of the Interdepartmental Review Team as needed and may be lead specific work-teams relating to the redevelopment. The work teams include:

Work Group Area

Project Management Strategy	Social Development Plan
Environmental Assessment	Community Impact Assessment
Secondary Plan	Parks and Open Space
Development Review	Community Improvement Plan
Urban Design and Public Realm	Toronto District School Board Liaison
Building Issues	Property Tax Exemptions
Application Co-ordination Team	Development Charge Relief
Tenant Relocation and Rental Replacement	Financing Mechanisms
Affordable Housing Policies	Senior Government Funding
City Housing Funding Co-ordination	Service Manager/Provincial Approvals
Study and Physical Info Requirements	Legal Issues and Agreements
Economic Development Strategy	Shareholder Requirements