



## STAFF REPORT ACTION REQUIRED

### Affordable Housing Opportunities in Alexandra Park

<b>Date:</b>	August 19, 2015
<b>To:</b>	Affordable Housing Committee
<b>From:</b>	Director, Affordable Housing Office
<b>Wards:</b>	<b>Ward 20 Trinity-Spadina</b>
<b>Reference Number:</b>	AFS #21634

#### SUMMARY

This report seeks Council approval to provide affordable rental and ownership housing in Alexandra Park for up to seven lower to moderate-income Toronto Community Housing and Atkinson Housing Co-operative households, by entering into agreements of purchase and sale for the purchase of two condominium units to be used as affordable rental housing and by providing down-payment assistance for up to five affordable home purchasers.

The revitalization of Alexandra Park and the Atkinson Housing Co-operative Inc. ("Atkinson Co-op") will be accomplished through the replacement and refurbishment of 806 Toronto Community Housing ("TCH") affordable rental townhouses and apartments and the creation of 1,540 new market residential units.

In approving the re-zoning of Alexandra Park, Council required TCH, as secured by a Section 37 Agreement, to contribute a minimum of \$2,000,000 in the form of units to be conveyed to the City, or other City-approved agency or by a cash contribution to create new affordable rental and/or ownership housing. A minimum value of \$552,400 is to be provided in Phase One.

This report recommends using a Section 37 contribution from TCH to purchase two one-bedroom apartments in Block 4 at below market cost on behalf of the Atkinson Co-op to be rented at or below 80% average market rent.

It also recommends providing down-payment assistance of \$450,000 from the federal/provincial Investment in Affordable Housing (Extension) program and the City's

Development Charges Reserve Fund for Subsidized Housing to provide five loans to eligible TCH and Atkinson Co-op households to purchase homes in Block 4.

## **RECOMMENDATIONS**

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The Director of the Affordable Housing Office recommends that:

1. City Council authorize the Director, Affordable Housing Office to negotiate agreements of purchase and sale, with the developer for the purchase by Atkinson Co-operative and/or the City of Toronto for two one-bedroom units in the building to be erected on Block 4, as part of the Alexandra Park revitalization (the "Atkinson Units"), which agreements of purchase and sale will fulfill the obligation of TCH under the section 37 agreement entered into for Phase 1 of the development on the property, between TCH and the City.
2. City Council authorize the Director, Affordable Housing Office to execute the agreements of purchase and sale and any other documents required to complete the purchase of two one-bedroom units, on behalf of the City.
3. City Council authorize the City to be a party to the agreements of purchase and sale contemplated to be entered into for the Atkinson Units as a contingent transferee, in order to ensure the benefit of the Atkinson Co-operative Units is secured for the intended purposes, until the Atkinson Co-operative is able to complete the transactions.
4. City Council authorize the City Solicitor to complete the transaction on behalf of the City, including paying any necessary expenses, amending the closing, due diligence and other dates, and amending and waiving terms and conditions, on such terms as she considers reasonable.
5. City Council authorize the City to assign its interest in the Atkinson Units to Atkinson Co-op upon it entering into a contribution agreement with the City with respect to the operation of the Atkinson Units on terms and conditions determined by him, in his sole discretion and in a form satisfactory to the City Solicitor, or, failing which, the City shall be entitled to sell one or more of the Atkinson Units in the open market at fair market value, with the proceeds payable to the Capital Revolving Fund for Affordable Housing (XR-1058) in order to give effect to the intended purpose of the Atkinson Units as affordable housing and with the intention that there are no financial consequences to the City having been a party to the agreements of purchase and sale for the Atkinson Units.
6. City Council authorize the City to take title to the Atkinson Units, in the event they cannot be transferred to Atkinson Co-op and to enter into a lease with Atkinson Co-op or such other not for profit housing corporation deemed appropriate by the Director, Affordable Housing Office and on such terms and conditions and in a form approved by the City Solicitor.

7. City Council authorize the City Solicitor to complete the lease transaction on behalf of the City, including payment of any necessary expenses, establishing and amending the commencement date and any other dates and conditions, as she may from time to time consider reasonable.
8. City Council authorize the Chief Corporate Officer to administer and manage the lease for the Atkinson Co-op, if such lease is entered into, including the provision of any consents, approvals, waiver notices and notices of termination provided that the Chief Corporate Officer may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
9. City Council authorize the Director, Affordable Housing Office to execute, on behalf of the City, a contribution agreement with Atkinson Co-op or the alternate housing provider selected by the Director, Affordable Housing Office.
10. Authority be granted to enter into a Contribution Agreement with the Atkinson Housing Co-Operative Inc. with respect to the operation of the Atkinson Units on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form approved by the City Solicitor.
11. City Council approve up to \$225,000 in financial assistance from the Development Charges Reserve Fund (2009) for Subsidized Housing (XR2116) for TCH, in the form of grants by way of forgivable loans to assist up to 5 home buyers to purchase condominium units in the building to be erected in Block 4 of the Alexandra Park, under the terms of the City's Home Ownership Assistance Program.
12. City Council authorize the Director, Affordable Housing Office to provide up to \$225,000 from the federal/provincial Investment in Affordable Housing Program Extension – Homeownership Component, in the form of grants by way of forgivable loans to be added to the funds from the City's funds referred to in Recommendation Nine (9) to assist up to 5 home buyers to purchase condominium units in the building to be erected in Block 4 of the Alexandra Park.
13. City Council authorize the City to enter into a delivery agreement with TCH or a related corporation, for the delivery and administration of the funds being provided from the Development Charges Reserve Fund (2009) for Subsidized Housing (XR2116) on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form approved by the City Solicitor.
14. City Council authorize the City to enter into a contribution agreement with TCH or a related corporation, for the delivery and administration of the homeownership funds being provided through the federal/provincial Investment in Affordable Housing Program Extension – Homeownership Component on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form approved by the City Solicitor.
15. City Council authorize the Director, Affordable Housing Office to execute the delivery agreement referred to in Recommendation 13 and the contribution agreement

referred to in Recommendation 14 and any other agreements or documents required to give effect to Recommendations 13 and 14.

16. City Council increase the 2015 Approved Operating Budget for Shelter, Support and Housing Administration by \$225,000 gross, \$0 net, fully funded from IAH, to provide funding for a down-payment assistance loan directly to lower-income households for condominium units in the building to be erected in Block 4 of the Alexandra Park.

### **Implementation Points**

Following Council consideration and approval of the recommendations, staff will work with TCH and the Atkinson Co-op Board of Directors to negotiate and execute the necessary legal agreements on terms acceptable to the City Solicitor.

### **Financial Impact**

There is no financial impact to the City for the conveyance of the two one-bedroom units in Block 4. TCH will be providing the two units in order to fulfill its requirement to contribute to the growth of affordable rental housing as outlined in the Section 37 Agreement with the City for Phase One of the revitalization.

It is recommended that up to \$45,000 per home, for a total of \$225,000, be provided from the federal/provincial Investment in Affordable Housing Program – Homeownership Component. This funding would be provided in the form of a down-payment assistance loan directly to lower to moderate-income households. The 2015 Approved Operating Budget for SSHA will be increased by this amount.

It is recommended that up to \$45,000 per home, for a total of \$225,000, be provided from the Development Charges Reserve Fund (2009) for Subsidized Housing (XR2116) under the terms of the City's Home Ownership Assistance Program (HOAP). This funding can be provided from the \$2 million annually that Council has approved for HOAP and which is included in the 2015 Approved Operating Budget for SSHA.

The uncommitted balance in the Development Charges Reserve Fund (2009) for Subsidized Housing (XR2116) is sufficient to support the recommendations in this report. The sufficiency of the reserve is reviewed annually as part of the City's operating budget process. HOAP funding also contributes to the purchaser's down payment but will first be made available to TCH to assist with up-front costs.

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

## DECISION HISTORY

At its meeting of March 31, 2015, Council adopted *Increasing Affordable Rental Housing in Alexandra Park Through Section 37 Funds* which provided details of Section 37 funds available to increase the amount of affordable rental housing within Alexandra Park and the Atkinson Co-operative.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX4.11>

At its meeting of June 10, 11, 12 and 13, 2014, Council adopted EX42.15 *Investment in Affordable Housing Program Extension* which outlined funding allocations for the extension of the federal/provincial Investment in Affordable Housing program. Council approved 52 percent of the new funding for operating programs and 48 percent for capital programs, including affordable rental and ownership housing. The program extension is for the period of April 1, 2014 to March 31, 2020. The decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX42.15>

At its meeting of October 8, 2013 Council adopted TE26.9 *Final Report -571 Dundas Street West, 21, 21a,23, 23a, 91 Augusta Avenue, 73-75 Augusta Square, and 20 Vanauley Street – Zoning By-law Amendment, Draft Plan of Subdivision, Rental Housing Demolition* which required Toronto Community Housing to contribute to the growth of affordable rental and/or affordable ownership housing within the proposed market buildings to be located on Block 13 (now re-named Block 4) in Alexandra Park and that a cash contribution or by a mechanism satisfactory to the Chief Planner and Executive Director, City Planning and Director Affordable Housing Office in consultation with the City Solicitor, Director, Real Estate Services and the Ward Councillor be provided. The decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.TE26.9>

At its meeting of May 11 and 12, 2010, Council adopted *Standardizing City Support for New Assisted Ownership Housing Opportunities* that recommended creation of the Home Ownership Assistance Program funded by \$2 million annually from the City's Development Charge Reserve Fund (2009) for Subsidized Housing (XR2116). The Council decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX43.26>

## EQUITY IMPACT

Access to safe, secure, affordable housing in all parts of Toronto is a fundamental goal of the City's 10-year *Housing Opportunities Toronto Action Plan 2010-2020* and the City's Poverty Reduction Strategy.

Securing seven affordable rental and ownership homes will assist lower-income households and provide much-needed housing to the City's priority groups.

## **ISSUE BACKGROUND**

The Alexandra Park Working Group and the Atkinson Co-operative support this initiative because it provides new affordable housing as part of the Alexandra Park revitalization.

Affordable home ownership is an important aspect of *Housing Opportunities Toronto* and this initiative contributes to the plan's annual target of 200 new affordable ownership homes.

Federal, provincial and municipal funds are available to support this initiative.

## **COMMENTS**

### *Affordable Rental Housing*

Two one-bedroom apartments in Block 4 will be conveyed at below market value. Suites 309 and 409, with a market value of approximately \$690,542, will be made available for the value of TCH's Phase One Section 37 contribution of \$552,400 plus interest, saving over \$130,000.

In accordance with terms and conditions satisfactory to the City, the two apartments will be conveyed to the Atkinson Co-operative to be rented at 80% average market rent or less to households on the co-op waiting list and with an average household income limit of no more than four times the actual rent (\$857 monthly at 2015 rent levels to be adjusted to the rent level at time of occupancy).

### *Affordable Home Ownership Opportunities*

HOAP and IAH funding will assist TCH in providing five homes at more affordable prices to eligible lower to moderate-income families. Each home has up to \$90,000 in combined HOAP and IAH funding secured by a "silent" no-payment mortgage in order to provide up to 20% of down payment assistance to qualified residents. The homes will be affordable to qualified households in Alexandra Park with a combined household income between \$65,000 to the income threshold of \$88,000.

The mortgage is forgiven after 20 years but, if within that time the home is resold, the loan will be paid back to the City with a share of any capital appreciation. As with previous HOAP and IAH funding arrangements, TCH will administer the mortgages under a funding agreement with the City.

Purchasers will be responsible for property taxes, condo fees and mortgage payments.

## **CONCLUSION**

The revitalization of Alexandra Park and the Atkinson Co-operative is well underway and the funds outlined in this report will assist in the provision of seven new affordable homes. AHO and TCH staff will work to implement these programs in order to increase the affordable housing in the revitalization.

## **CONTACT**

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## **SIGNATURE**

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