



Mayor John Tory  
Councillor Ana Bailão  
Toronto City Hall  
100 Queen Street West  
Toronto ON M5H 2N2

September 28, 2015

Re: Open Door

Dear Mayor Tory and Councillor Bailão,

Trillium Housing supports your recent "Open Door" call for City action to address Toronto's housing crunch particularly for low and moderate-income families and individuals who find it harder to find an affordable home to rent or own.

The Trillium Housing team has demonstrated its commitment to the City through the development and running of thousands of housing units, public policy leadership and lifetimes of public service.

Like you, we value Toronto's reputation as a welcoming and livable city. Our team has been engaged for many years (decades!) through our housing development projects and our advocacy to build a city of opportunity and that includes the opportunity to rent or own an affordable home. Trillium Housing welcomes your call on the City to do business with us – the people that build affordable housing.

We worked with City staff to in the development of the Housing Action plan. Trillium Housing believes that the plan's targets for affordable ownership housing were set much too low, and that opportunities exist today to meet the required 12,000 affordable homes by 2020 as set out in the plan.

Recently, we have again reached out to City staff and have met with them to discuss your "Open Door" letter. We are submitting today several policy recommendations which can lead to the fulfillment of that letter's goals and the Housing Action plan.

Directors and Principals:

Mitchell Kosny   Brigitte Witkowsky   Sharad Kerur   Joe Deschênes Smith   Richard Owen   Fred Heller

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We have built our recommendations within 2 important parameters. First, that the focus be on the delivery of housing affordability determined by the household income of those housed. Second, that the recommendations are feasible.

Our recommendations DO NOT include calls for substantial new City expenditures or massive transfers from other levels of government in order to meet the targets.

Our recommendations DO rely on partnership between all parties involved in our housing industry in Toronto. Our recommendations DO call on providing "market signals" to all participants in the housing industry, to deliver more housing affordability.

We recognize the City has supported the creation of affordable rental and ownership housing through policies and programs such as exemptions from development charges, building permit fees, planning application fees and property taxes for non-profit, affordable rental housing. We believe refinement of these policies can LEVERAGE greater housing affordability outcomes through targeted changes.

Trillium Housing recommendations specifically respond to your call for action. We have 5 recommendations documents which fall under two of your principal goals in the Open Door process

Land: Unlock opportunities on public and non-profit land including working with Build Toronto, Parking Authority and Toronto Community Housing. (Trillium Housing recommendations previously provided to the City, spring 2015):

1. Recommendations for Implementation of Toronto's Housing First policy
2. Recommendations for Green P Redevelopment including housing affordability
3. Recommendations for City action to renew vacant/surplus Schools

Incentives: Better target City financial incentives to achieve greater housing affordability for families of equivalent household income.

4. Recommendation for City Fee and Charges Deferral to support new ownership housing affordability
5. Recommendations for improvements to City Waiver of Development Charges Program to create housing affordability.

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With respect to planning approvals, we have not developed a specific recommendation but we support an expedited "fast track" process for affordable housing developments. We suggest that affordable ownership projects should meet the affordability threshold set out in our Charges and Fees Deferral recommendation. We believe that City Planning must continue to ensure that Planning excellence and standards be adhered to for all physical aspects of a site. Given the many competing pressures facing this department, we agree with the direction provided by this letter that Planning play a supportive role in its areas of core competency. We believe that Planning expertise is less well suited to assess and make recommendations with respect to project financing or land incentives, tenure or economic and income measures.

With respect to specific "quick-start" development projects your "Open Door" letter called on City staff to find, we propose that City staff and Build Toronto be mandated to launch an RFP based on our two recommendations on Surplus Land Redevelopment and Fee and Charges Deferrals. By choosing 4 Build Toronto sites within the next 100 days housing outcomes can be achieved quickly.. As our recommendation on surplus land calls for a competition based on housing affordability and sets the Land Price in advance – the City can provide these sites with greater incentive to deliver housing affordability by setting a lower price at the outset.

The Trillium Housing model is built on partnership between ourselves, our impact investors, developers and new home purchasers. We hope that the City will join in this partnership in a substantive way and support us in the creation of housing affordability for low and modest income households in Toronto. We look forward to discussing our recommendations with you as the City refines its policies to support the creation of housing affordability.

Sincerely,

Joe Deschênes Smith  
Principal, Trillium Housing

**Directors and Principals:**

Mitchell Kosny   Brigitte Witkowski   Sharad Kerur   Joe Deschênes Smith   Richard Owen   Fred Heller

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## **Trillium Housing Recommendations for Toronto Open Doors Process**

Trillium Housing has prepared recommendations to the city of Toronto "Open Door" program which has been launched to develop a portfolio of tools that will encourage and enable the development of affordable housing and/or increase housing affordability for eligible households.

### **Recommendation: Amendment to Fee Waiver Program for Affordable Housing**

The city of Toronto has engaged in an Open Door process to encourage the creation of housing affordability in the city. The Mayor's direction letter encouraged staff to expand policies and procedures for the discount, exemption and waiver or deferral of City development charges, planning and building permit fees and property taxes for affordable rental housing. Trillium Housing recommends that the City extend the same program to the provision of affordable ownership housing using the same criteria, with the principal focus on the household income of families housed in new affordable housing.

The program would provide the same support to non-profits creating the housing affordability.

Currently for affordable rental support, the landlord (non profit or private) must commit to provide affordable rental units available at a prescribed rent and renter income level for 20 years. Our recommendation would be to apply the same household income threshold to those families who choose home ownership and to also provide the support over a 20 year period in the specific development.

The City's cost and the housing outcomes (by household income) would be the same.

The re-balanced program would encourage the development of both affordable rental and affordable ownership housing.



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Trillium Housing has prepared recommendations to the city of Toronto "Open Door" program which has been launched to develop a portfolio of tools that will encourage and enable the development of affordable housing and/or increase housing affordability for eligible households.

### City Charges and Fees Deferral

Trillium Housing recommends that the City implement a program to defer receipt of City Charges and Fees for non-profit housing providers' development of affordable ownership housing. Trillium Housing has revised its earlier proposal to focus on affordable ownership as a result of discussions with the City, which identified a Charges and Fee deferral program as not being sufficient to make economically feasible affordable rental developments. Financial analysis indicates that a Deferral program (where all charges and fees are paid at a future date) for affordable ownership program would result in housing affordability for families with household incomes at prescribed levels for other support programs.

Trillium Housing recommends the following:

1. Non-profit housing providers' affordable ownership housing developments would be eligible for a deferral of Development Charges, Parks levies, Section 37 charges, Building permit fees and any other charges and fees charged by the City when developing housing.
2. The deferral would in fact be provided by a loan funded out of City Funds (potentially the Development Charges Reserve Fund). The loans to the non-profit would be fully secured, initially on the land under development and subsequently on the title of eligible individual homes.
3. The loan would be provided pre-construction for all Fees and Charges applicable to each unit proposed for development that is below a local affordable price threshold. Trillium Housing proposes that the City receive and utilize housing market price information on a Ward basis. This information would be used to establish a housing price threshold for each ward based on a housing price per



## Trillium Housing

square foot (\$\$/sq ft) which is the industry standard measure for pricing housing. Each ward's average \$\$/sq ft would be the Local Price Threshold.

4. Repayment. The non-profit would be responsible for partial repayments of the Deferral for each unit at the following triggers. The City can expect a cash flow of repayment over a maximum period of 15 years.
  - a. Immediately for any unit whose price does NOT sell below the established Local Price Threshold;
  - b. Immediately for any unit sold to a household whose household income exceeds the 60<sup>th</sup> percentile for income in the City. This definition is consistent with the definition for affordable housing provided by the province in the Provincial Policy Statement (PPS);
  - c. Immediately for any eligible unit owned by an eligible purchaser, but when the purchaser no longer inhabits the unit as their principal residence (ie they are renting their unit);
  - d. Immediately at resale of the unit by the original purchaser;
  - e. Immediately if the original purchaser voluntarily repays all or part of the loan;
  - f. Final repayment of any outstanding amounts at year 15 after sales closing of the affordable unit.
5. The loan to the non-profit would have a zero % rate of interest.
6. Any loan by the non-profit of the Deferral proceeds to a purchaser will be provided either as a shared appreciation loan or at a zero % rate of interest. The purchaser loan would be payment free until discharge. Discharge would be triggered by housing re-sale or transfer, rental a third a party or the housing is no longer the principal residence of the original purchaser.

### Cost Analysis

A present value calculation for the future payment of deferred charges and fees using 15 years and a 3.5% interest rate results in a 40% reduction in the receipt of the fees. Put another way, a \$30,000 Development Charge receipt that is "postponed" by 15 years would "cost" the city \$12,093. This compares to a Waiver program, which costs the City 100% or the full \$30,000.

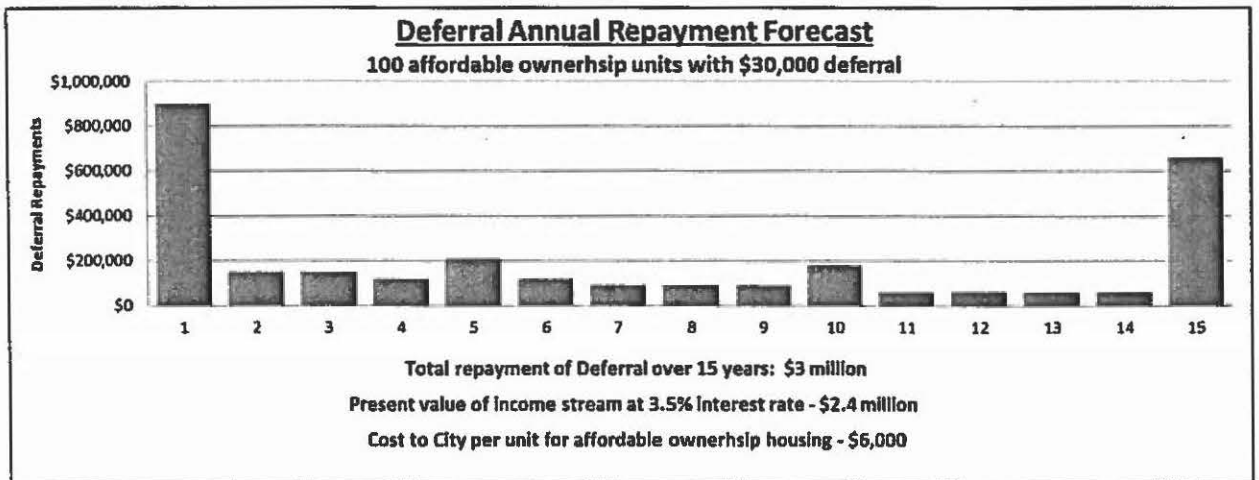
However, the Trillium Housing recommendation is further refined, and provides for several repayment triggers. With the most experienced team in Ontario in the delivery and administration of shared appreciation 2<sup>nd</sup> mortgages for modest income families,



the Trillium Housing recommendations provide for a series of repayments from the date of initial home occupancy to the end of the 15 year term.

The following chart provides the expected repayment timeframe for a portfolio of 100 Deferred Payment Charges and Fees. It assumes:

1. 30 units purchased by households that are not income-eligible (a truly mixed community)
2. Annual repayments (forecast based on extensive experience)
3. Final full repayment by the non profit made at year 15.



Based on a Charges and Fees Deferral of \$30,000 per unit and the repayment forecast outlined above, the Present Value cost based on this scenario would be only \$6,000/unit.

Overall in this example, the deferral to support the creation of 100 affordable ownership housing units would be repaid in full however the present value of the payments would be \$2.4 million – the total cost to the City would \$600,000.



## **Recommendations**

### **To Redevelop “Green P” assets for Affordable Housing**

It is recommended that:

- (1) City staff apply the Housing First policy for the redevelopment of surplus City property to the redevelopment of selected Green P sites;
- (2) a target of leveraging the development of 1,000 affordable housing units on City-owned Green P property over the next five years be adopted;
- (3) each Green P redevelopment include an appropriate replacement of parking;
- (4) City officials be authorized to take the steps necessary to give effect to these recommendations and staff report back on a quarterly basis on the progress;
- (5) the City prioritize redevelopment of Green P property to housing affordability projects which deliver the best housing to tenants or home owners based on household incomes of families housed, at the lowest cost to the city.

#### **Purpose:**

To redevelop selected Green P property to provide affordable housing and where appropriate to maintain renewed parking services.

#### **Financial Considerations:**

The proposed Green P Redevelopment policy, in conjunction with the Housing First policy, provides the strategic and legal framework for the allocation of sites for affordable housing purposes. With the recommended 1,000-unit target, the redevelopment of Green P sites based on use for affordable housing is anticipated to generate \$15 million to \$25 million in revenue to the City (assumes a conservative per unit value of \$15,000 to \$25,000).

In accordance with the Housing First policy, the City-owned Green P properties will be offered for sale to non-profit affordable housing providers at a Land Price established by the average of two independent appraisals of the site's value when developed for use as affordable housing. The Land Price will be lowered to reflect the provision to Green P of an appropriate number and quality of replacement parking facilities, if any. The City will receive payment from the housing provider of the Land Price over 25 years and without interest. The City's "cost" to support housing affordability will be the difference between the maximum market value versus the appraised value as affordable housing land and the foregone interest on the unpaid Land Price over the 25 year re-payment period.

In order for Green P to receive full market value for the redeveloped sites, the sites will be transferred internally from Green P to the City (with immediate full payment) based on



Independent appraisal of full market value. . The City will “charge” the difference between the appraised full market value and the appraised affordable housing Land Value to the Development Charges Reserve Account for Affordable Housing. Notionally, this “charge” will be recovered to the City in the form of operating surplus from Green P.

#### **Selection Process for Redevelopment of Green P Property**

In the first quarter of each fiscal year, Green P will provide a detailed list of 8 to 12 sites which it believes would be suitable for redevelopment. The list will include all relevant information for the redevelopment as well as Green P’s initial goals for appropriate parking replacement on the site.

In the 2<sup>nd</sup> quarter of each fiscal year, City staff will issue an RFP for redevelopment of 2 to 4 of the proposed sites. Selection of the offered sites by City staff will take place in consultation with Green P, other City departments and relevant outside parties in the development of affordable housing.

The RFP will follow the same process for sale as surplus City property, with the additional requirement of provision of Green P replacement parking facilities. Green P staff will work with City staff at the RFP stage and later with selected non-profit redevelopment partners, to ensure replacement parking facilities optimize the proposed redevelopment plan. Green P will make every effort to mitigate and accommodate the priority – to create affordable housing. This will include such aspects as reduction in total number of parking facilities, replacement with “at grade” parking with below-grade or above grade parking and considerations for access to both parking and the housing development.

## **Recommendations**

### **To implement the Housing First Policy for Surplus City-owned Property**

It is recommended that:

- (1) City staff implement the Housing First policy;
- (2) a target of leveraging the development of 3,000 affordable housing units on City-owned property over the next five years be adopted, and staff report back on a quarterly basis on the progress of the Housing First policy;
- (3) City officials be authorized to take the steps necessary to give effect to these recommendations; and
- (4) the City prioritize sales of surplus City land to housing affordability projects which deliver the best housing to tenants or home owners based on household incomes of families housed, at the lowest cost to the city.

#### Purpose:

To implement the previously-approved policy to make suitable surplus City-owned property available for affordable housing purposes.

#### Background:

City Council in 1998, approved a report entitled "Acquisition and Disposal of Real Property" dealing with various real estate issues, including a process to declare properties surplus to the City's requirements. The disposal process provides for Real Estate staff to consult with the City's agencies, boards, commissions and departments on whether a property is required for municipal purposes. The Property Management Committee ("PMC") reviews all requests for the allocation of property and determines whether sites should be recommended for disposal.

Council adopted a strategy to encourage the creation of affordable housing. Council agreed to provide surplus City-owned land and buildings for community (non-profit) affordable housing projects, as a first priority. In 1999, Council established a Capital Revolving Fund for Affordable Housing and provided \$10 million dollars, largely from the Social Housing Reserve Fund.

In 1999 the Mayor's Task Force identified the following four tasks for the municipality:

- (1) initiating a framework for partnership between the three levels of government and the private and non-profit sectors;
- (2) making sites available for housing development;
- (3) providing limited financial support through a capital fund;
- (4) reducing taxes and charges for affordable housing projects; and

(5) providing expedited Planning approvals which include enhancements supportive of housing affordability.

Recommendation No. 76 of the report of the Mayor's Homelessness Action Task Force (January 1999) states: "The City should develop a 'housing first' policy for municipal lands to make suitable sites available for affordable housing..."

The provision of land for affordable housing units (i.e., if leased to a community rental developer at a nominal fee or sold to a non-profit, ownership housing developer with preferential terms) can reduce development costs substantially (by more than 15 percent). It is recommended that all levels of government make suitable government sites available for affordable housing.

There are precedents for the contribution of land for affordable housing purposes. Vancouver, in the 1990's, provided land on a deferred-return basis for the development of 1,150 units. Today, some public-private partnerships, such as those assisted by Canada Mortgage and Housing Corporation's Partnerships Centre, are using land contributed by church groups or service clubs. March 23, 1999, the Provincial Government announced that it would be making available government-owned land for the development of a minimum of 500 units of affordable rental housing. The City of Toronto has provided to Habitat for Humanity sites with preferential terms which were successfully redeveloped as affordable ownership housing with long term impact.

The Province of Ontario recently provided the ability for all non-profits, including those involved in affordable housing, to have access to purchase surplus Ontario property through the same process that these sites are provided to other governments and agencies.

The City's Housing Opportunities Toronto (HOT) policies further committed the City implementation of the Housing first Policy. It stated, "Build Toronto will pursue the development of key City assets while incorporating affordable housing opportunities."

### **Housing First Policy:**

There is currently a Housing First policy for surplus City-owned real property. The purpose of these recommendations is to initiate action under the policy, that is, this motion directs staff to implement the policy and to commence the process of selling surplus Toronto property for use as affordable housing.

To measure the policy outcomes it is proposed that a target be set for the creation of 3,000 affordable housing units as a result of this initial implementation by the City. The recommended target is to sell sites which will create housing affordability for 3,000 units, to be approved by Council as a result of Requests for Proposal ("RFP") to be issued within the next five years.

### **Financial Considerations:**

The Housing First policy provides the strategic and legal framework for the allocation of sites for affordable housing purposes. With the recommended 3,000-unit target, the sale of sites based on use for affordable housing is anticipated to generate \$45 million to \$75 million in revenue to the City (assumes a conservative per unit value of \$15,000 to \$25,000).

It is proposed that the City offer the properties at a Land Price established by the average of two independent appraisals of the site's market value when developed for use as affordable

housing. The City will receive payment of the Land Price over 25 years and without interest. The City's "cost" to support housing affordability will be the difference between the maximum market value versus the appraised value as affordable housing land and the foregone interest on the unpaid Land Price over the 25 year re-payment period.

## **Advocacy**

All levels of government, the non-profit sector, local communities and the private sector should be combined in a City-led housing partnership. One specific role for the City is to make municipal land available for affordable housing by implementing its Housing First policy for surplus and potentially surplus sites.

The sale of City-owned land resources to non-profits and community groups (supported by their private sector partners) for the creation of housing affordability will directly produce new housing units and financial support for eligible families while strongly demonstrating the City's commitment to other levels of government. The implementation of the Housing First policy will focus on providing a new land base for the production of affordable housing while protecting the City's operational requirements for land.

By taking a leadership role with respect to its own surplus property, the City's advocacy position with other parties is also strengthened.

## **Competitive Process for the Housing First Policy**

While the Housing First policy was developed with a focus on the process for identifying City property for re-development, it did not include direction from Council on how to assess potential property redevelopment as affordable housing. The goal of the City's affordable housing strategy is to create an environment in which the non-profit sector and community groups, with their private sector partners, will be willing and able to develop affordable housing for people with a range of housing needs that are not currently being met in the market. The Housing First policy of using suitable City-owned property to lever the creation of affordable housing by these groups is the basis of this recommendation.

The objectives for a Housing First Policy will be achieved through a competitive process that selects proposals based on which proposals deliver the best housing to tenants or home owners based on the household incomes of families housed, at the lowest cost to the city.

It is proposed that the Housing First policy include the following RFP process for the sale of surplus City property for the development of affordable housing:

City staff will select development proposals which create the most housing affordability at the pre-determined cost to the City. City staff will sell surplus sites through the following process:

1. Once sites have been declared surplus following the Housing First policy already in place, City staff will commission 2 independent appraisals of the site to determine its value. The appraisers will be instructed to assess based on the site's use for affordable housing to determine the value. The average of the 2 appraisals will be the site Land Price.

2. The City will run an RFP for non-profits and community groups (and their private sector partners) for the redevelopment of the sites. The RFP will state the Land Price. Proposals must demonstrate payment of the Land Price to the city over 25 years after sales closing of the land. The Land Price must be secured. The City's contribution to the creation of affordable housing will be the reduced value of the site (by specifying its use as affordable housing for the appraisal) and the foregone interest which could have been earned on the Land Price over 25 years.(i.e. repayment of the Land Price will bear no interest charge).
3. With the Land Price pre-established, City staff will assess proposals based on the housing affordability created:
  - a. The primary assessment will be based on Household Incomes. Proposals must demonstrate the number of affordable units to be developed and the Household Income of those housed.
  - b. Assessment of the number of households supported and family size.
  - c. Expected rent/price should be specified and meet program criteria of the IAH program.
  - d. Any housing units developed for the conventional housing market.
  - e. Proponents' ability to develop the housing.
  - f. Proponents' ability to provide long term administration/repair/affordability if required.
  - g. How the Land Price will be repaid and what security is provided.

Example 1. A rental project will provide expected rents, the tenant's income required to rent and the Non-Profit's ability to maintain the affordability for the tenant over 25 years.

Example 2. An ownership project will provide expected unit cost, the purchaser's income required to purchase and maintain the property and the Non-Profit's ability to maintain the affordability for the homeowner over 25 years.

4. City staff will also assess other community and individual benefits, including but not limited to:
  - a. Additional tenant/owner services provided;
  - b. Community facilities/services provided;
  - c. Family equity created over the term of the housing provided
5. Proposals will specify other municipal or other governmental support required to accomplish the housing affordability objectives, including but not limited to:
  - a. Planning enhancements
  - b. Tax, fee or charges waiver or deferral
  - c. Other program financing required

## **Recommendations**

### **To adopt a School Renewal Policy for vacant school sites in Toronto**

It is recommended that:

- (1) Vacant school sites be renewed to provide community benefit including affordable housing;
- (2) City of Toronto acquire vacant surplus school sites at time of circulation to public bodies;
- (3) where possible, long term community benefits such as access to playgrounds and community facilities be renewed;
- (4) redevelopment include a process to deliver housing affordability within the existing community;
- (5) partnership with non-profits be used to preserve, redeploy and create new Community benefit;
- (6) renewal of the use of the Housing First policy and new process to run Request for Proposals for site renewal;
- (7) access Ontario government long term financing through Infrastructure Ontario for non-profit renewal projects with Municipal backing;
- (8) City of Toronto provide financing support for vacant school renewal through Development Charge account funding to support new community facilities, affordable housing, playgrounds, etc.

#### **Purpose**

To provide a process and financing mechanism for vacant school renewal.

#### **Background**

Demographic changes have resulted in a decrease in school aged children in Toronto. Current demographic trends and forecasts do not anticipate a resurgence of school aged population and many Toronto schools are currently vacant or substantially below capacity.

At the same time, the overall school system infrastructure is aging and in need of major capital renewal in order to provide the quality of facilities for Toronto children to achieve a high quality of education.

The Province of Ontario provides school boards with funding, including funding for school maintenance and capital repair. However the Province requires all School Boards ensure that vacancy rates meet Ontario standards in order to receive funding. Under O Reg. 444/98s.1(3), the province requires that property not required for the purposes of the Board to be disposed of at "fair market value".

The same policy provides the City of Toronto a period of time to declare its interest in acquiring a school property no longer required by the Board through a direct purchase.

All schools in Toronto are critical community assets, providing the local community not only a place of learning for local children but also children playgrounds, sports fields, gymnasium and meeting facilities and green space. Most school sales that have occurred over the last several

years have been redeveloped by private interests focused on their own profit and without a priority on the redeployment of these public assets for ongoing community benefit. Any consideration of the local community interests or the broader interests of the City generally only arise if it provides other benefits to the private developer and their project's profitability.

The City of Toronto has an obligation to provide local communities with community facilities and services, including access to community space, playgrounds and green space as well as affordable housing. All vacant schools are an opportunity to provide the local community with redeployed community assets as well as a more diverse housing mix including affordable housing.

In 1998 City Council approved a report entitled "Acquisition and Disposal of Real Property" dealing with various real estate issues, including a process to declare properties surplus to the City's requirements. The disposal process provides for Real Estate staff to consult with the City's agencies, boards, commissions and departments on whether a property is required for municipal purposes. The Property Management Committee ("PMC") reviews all requests for the allocation of property and determines whether sites should be recommended for disposal.

Council adopted a strategy to encourage the creation of affordable housing. Council agreed to provide surplus City-owned land and buildings for community (non-profit) affordable housing projects, as a first priority. In 1999, Council established a Capital Revolving Fund for Affordable Housing and provided \$10 million dollars, largely from the Social Housing Reserve Fund.

Recommendation No. 76 of the report of the Mayor's Homelessness Action Task Force (January 1999) states: "The City should develop a 'housing first' policy for municipal lands to make suitable sites available for affordable housing..."

There are precedents for the contribution of land for affordable housing purposes. Vancouver, in the 1990's, provided land on a deferred-return basis for the development of 1,150 units. Today, some public-private partnerships, such as those assisted by Canada Mortgage and Housing Corporation's Partnerships Centre, are using land contributed by church groups or service clubs. March 23, 1999, the Provincial Government announced that it would be making available government-owned land for the development of a minimum of 500 units of affordable rental housing. The City of Toronto has provided to Habitat for Humanity sites with preferential terms which were successfully redeveloped as affordable ownership housing with long term impact.

The Province of Ontario recently provided the ability for all non-profits, including those involved in affordable housing, to have access to purchase surplus Ontario property through the same process under which these sites are made available to other governments and agencies.

The City's Housing Opportunities Toronto ("HOT") policies further committed the City to implementation of the Housing First Policy. It stated "Build Toronto will pursue the development of key City assets while incorporating affordable housing opportunities."

## **Broad Partnerships**

The Vacant School Renewal policy requires a partnership approach for the renewal of vacant schools. As such, it is expected that all governments with an interest and responsibility for the renewal of these public assets, will support these renewals. Equally, renewal proposals need to



demonstrate their financial viability, particularly considering governments' restricted financial capacity.

The partners and their roles include:

#### School Boards

Under the proposed process for the renewal of school sites, vacant and declared surplus, Toronto schools will be purchased by the City of Toronto according to the existing protocol.

Where appropriate, the City will offer to a School Board the opportunity to utilize the RFP process described here in situations where the school renewal will include the maintenance of smaller school facilities. This will take advantage of the expertise to run the type of multi-partnership structure being proposed. Depending on the nature of the redevelopment, the School Board may no longer own or control the entire site (or part of the site) after renewal.

#### City of Toronto

The City has the primary responsibility for providing public parks and playgrounds, community activity space, daycare subsidies, affordable housing and many other activities which could be included in a school renewal. In recognition of the community benefits normally funded by the municipality, where feasible the City should own on a long term basis some of the property and facilities that result from the renewal. On a case by case basis, the City will need to source appropriate financing for these acquisitions.

The City will pay full market value to the School Board. The City will recover full market value from purchasers of land utilized for market activities (market housing, commercial, retail activities). The City will incur as a cost of providing the community benefit the land value difference between the market value paid to the School Board and the Land Price set by appraisal of the land to be used as a community asset and affordable housing.

In order to support the renewal programs, City Council directs its Planning and other departments to support proposed project enhancements which will enable successfully renewing the vacant school sites. This will include, but not be limited to, enhanced zoning, massing, parking, mixed use and other planning considerations.

#### Ontario

Through the Province of Ontario's agency Infrastructure Ontario, Toronto can receive long term capital funding for its community infrastructure. In its last available Financial Statements (2013/2014), IO had over \$1 billion in funds NOT actively invested in infrastructure renewal (\$800m in cash and \$200m in short term investments). The City should ask Ontario to ensure its IO regulations will permit municipalities across Ontario to access IO long term financing to support this type of community infrastructure financing. Further, IO should be directed to specifically earmark resources for this community infrastructure redeployment. This not only supports important community infrastructure, it also supports the Province's investments in school facilities.

Further, in recognition of the community benefit provided from school renewal, the Province should be asked to fund the IO interest (current rate 3.23% for municipal corps). This would

have a substantial saving for the non-profits providing community benefits. In the Drummond Report, the Province's own expert advisor recommended increased partnership with non-profits in order to better and more efficiently deliver service to Ontario.

If the Province and IO refuse to provide the low-cost, long term financing, the City will consider providing the 25 year repayment period for the purchase of the site specific to community benefit or affordable housing. The City could borrow the funds for this purpose and pass through the interest cost to the proponents.

## Non-Profits

The critical aspect of redeploying and renewing these important public assets is to enlist local non-profits. Already expert in community service delivery and connected locally, non-profit led redeployment of vacant school sites offers the most cost effective strategy for redeployment when governments are unable to provide the necessary financial support. A combination of different non-profits will need to commit to lead the renewal of vacant school sites. All sites will require a mix of partners for redevelopment, to ensure that community benefit can be provided and an appropriate cash flow can be generated by the site. The type of non-profit partners who will need to commit to the site renewal would likely include: affordable housing provider (rental or ownership), day-care provider, seniors' services provider, "arts" organization, etc. Each organization will need to demonstrate their ability to deliver their community benefit and finance their operations.

Vacant school renewals require a high level of creativity and flexibility in approach. Non-profits have the commitment to community benefit and the local knowledge to lead efforts in redeploying and operating these important community assets.

Either individually or collectively, non-profit partners who deliver facilities or services in the renewed community assets and affordable housing, need to demonstrate their ability to repay long term, IO financing for the acquisition of land and for facilities development. It is anticipated that security on real property will be required to back the loans.

## Private Partners

All renewal sites will require the participation and support of the private sector, who will bring development expertise and financial resources unavailable to government or non-profits.. The most obvious roles will be as market housing developers to ensure an appropriate mix of housing is provided and financing sources are available to other public benefit activities/facilities. Some sites may provide greatest public benefit by including employment opportunities.

It should be clear that the private role (and their motivation for profit) is secondary to the goal of replying public assets for long term community benefit. There are many potential private partners who understand that their long-term profitability is linked to a successful City which includes developing important community assets.

Any part of the renewal property which will be utilized for private purposes and/or profit will be paid for at market value.

## A Process for Vacant School Renewal

Once a vacant school site has been identified for renewal, the City can acquire sites where maintenance or expansion of community assets including affordable housing development are deemed appropriate.

The goal of the Vacant School Renewal policy is to create a process in which the non-profit sector and community groups, with their private sector partners, will be willing and able to lead and control the redevelopment of vacant school sites for community benefit including affordable housing for people with a range of housing needs that are not currently being met in the market.

The objectives of a Vacant School Renewal policy will be achieved through a competitive process that selects proposals based on which proposals deliver the best community benefits and greatest housing affordability. This policy provides a mechanism to determine a prescribed cost to the government partners.

It is proposed that the Vacant School Renewal Policy utilize the RFP process recommended for the Housing First Policy:

The City will select development proposals which best meet the community benefit objectives and housing affordability. Land cost will be pre-determined by the City and will not be a selection criterion. City staff will sell surplus sites through the following process:

1. After school site acquisition by the City, City staff will commission independent appraisals of the site to determine Land Price for the portion to be used for community benefit. The appraisers will be instructed to assess based on the site's use for ongoing community benefit and affordable housing to determine the value. This will set the Land Price.
2. City staff will engage the local community and non-profits engaged in the delivery of social services and affordable housing to determine criteria for the renewal of school sites. The criteria must recognize the limited financial resources available and establish criteria which will NOT pander to NIMBYism. Toronto Council expects all School renewals which it facilitates through this policy to demonstrate their financial viability, their inclusion of new affordable housing, the provision of playgrounds and greenspace and other community benefits as determined through consultation.
3. The City will run an RFP for non-profits and community groups (and their private sector partners) for the redevelopment of the sites. The RFP will state the Land Price. This policy proposes that the non-profit's project financing be provided by Infrastructure Ontario and be backed by the City. The City will contribute to the creation of community benefits and affordable housing through provision of the land at the Land Price. The City will finance the difference between the Land Price and the Market Price from its Development Charges account for the relevant community benefits provided. The City will retain ownership of any portion of the land necessary for the delivery of its City programs/services and for City parks facilities.
4. With the Land Price pre-established, City staff will assess proposals based strictly on the community benefits and housing affordability created:
  - a. Community benefits must demonstrate their importance either to the local community (i.e., daycare, community space, playground) or to broader City objectives (i.e., mixed communities and intensification around transit, broader social services, etc.)

- b. For affordable housing, the primary assessment will be based on Household Incomes. Proposals must demonstrate the number of affordable units to be developed and the Household Income of those housed. They must meet the other specific criteria utilized for housing specific RFP's under the Housing First policy including;
    - i. Assessment of the number of households supported and family size;
    - ii. Expected rent/price should be specified and meet program criteria of the IAH program; and
    - iii. Any housing units developed for the conventional housing market.
  - c. Non-profits (and their partners') ability to develop the facilities and housing.
  - d. Non-Profits' (and their partners') ability to provide long term administration/repair/affordability, if required.
  - e. How the Land Price will be repaid and what security is provided.
- 5. Proposals will specify other support required for completion including third party donations, private equity and municipal or other governmental support including but not limited to:
  - a. Planning enhancements
  - b. Tax, fee or charges waiver or deferral
  - c. Other program financing required