



STAFF REPORT ACTION REQUIRED

The Weston Community/Cultural Hub: Next Steps

Date:	March 11, 2015
To:	Executive Committee
From:	Director, Affordable Housing Office General Manager, Economic Development & Culture
Wards:	Ward 11
Reference Number:	AFS # 20357

SUMMARY

In August 2014, City Council directed staff to conduct due diligence on an innovative proposal (the "Proposal") to support the revitalization of the Weston community. The Proposal includes the creation of an approximately 800-square meter community/cultural hub (the "Hub"), 26 affordable rental housing live/work units (the "Live/Work Units") for artists and an approximately 1,150 square meter "Open Space Area" to continue the Weston Farmers' Market and other community uses. This is to be built in conjunction with a purpose built market rental building comprised of approximately 350 units (collectively "the Development"). Council directed staff to report in early 2015 on City and third-party funding and other resources required to proceed.

The Proposal made by 22 John Street Developments Inc. (a Rockport Group company) to the Toronto Parking Authority (TPA), has the Development being located on the surplus City-owned TPA surface parking lot at 22 John Street, together with vacant space in the base of the adjacent rental high-rise building at 33 King Street. A new, approximately 75-space TPA replacement parking lot will serve local businesses and the community. Artscape will be the eventual leaseholder operator of the Community/Cultural Hub and 26 Live/Work Units.

The Weston community has been identified as one of the City's 31 Neighbourhood Improvement Areas (NIAs), with unemployment at a higher rate than the city average and a lack of affordable housing. The proposed multi-million dollar investment in the Development will create some 940 new jobs, which, together with the local expansion of public transit by Metrolinx and GO Transit will contribute to an area-wide social and economic revitalization.

Since August, staff from various City Divisions, led by the Affordable Housing Office, have worked with the TPA, the Rockport Group and its development participants, Woodbourne Capital Management and Toronto Artscape Inc. ("Artscape"), in conducting further due diligence on the unique funding and program model proposed. As a result of this work, additional refinements have been made to the overall proposal. The cost to build the Community/Cultural Hub, Live/Work Units and Open Space Area is projected to be \$13.3 million, including an operating reserve.

This report recommends that Council approve the proposed preliminary funding model and program, conditional on the completion of on-going due diligence.

Council approval of the recommendations in this report will trigger the filing of planning applications by 22 John Street Developments Inc. and enable the next phase of due diligence by City staff.

The expectation of the parties is that by the end of this year or early in 2016 staff will have completed their due diligence on the Development. This will include determining what legal agreements will be necessary, and their content, based on the outcome of planning approvals. Staff will then be in a position to report on the proposed planning approvals, the overall program, and the final funding and proposal details which are set out in a preliminary fashion in this report.

RECOMMENDATIONS

The Director, Affordable Housing Office and the General Manager, Economic Development & Culture recommend that:

1. City Council approve the preliminary funding model for the Community/Cultural Hub and the Live/Work Units as set out in the Financial Impact section of this report, based on plans to be submitted to the City's Planning Department by the Rockport Group for the market rental building.
2. City Council authorize the Director, Affordable Housing Office to co-ordinate the negotiation of the agreements and security required to proceed with the Hub, Live/Work Units and Open Space Area, in consultation with relevant City divisions, the Toronto Parking Authority, the Rockport Group, Woodbourne Capital Management and Toronto Artscape Inc..
3. City Council authorize the designation of Toronto Artscape Inc. as the operator/leaseholder of the proposed 26 Live/Work Units, conditional upon:
 - a) Toronto Artscape Inc. providing a finalized business case and lease that confirms the viability of the Live/Work Units, satisfactory to the Director, Affordable Housing Office;

- b) City Council granting final planning approval for the Development.
4. City Council authorize the designation of Toronto Artscape Inc. as the operator/leaseholder and manager of the proposed Community/Cultural Hub and the Open Space Area, subject to the following conditions:
 - a) Toronto Artscape Inc. providing a finalized business case and lease that confirms the viability of the Community/Cultural Hub and Open Space Area, satisfactory to the General Manager, Economic Development and Culture;
 - b) City Council granting final planning approval for the Development and final approval of the Funding Model.
5. City Council direct the Chief Planner and Executive Director, City Planning to expedite the planning review process once Rockport has made the necessary planning applications.
6. City Council direct that, should the developer not be able to obtain above grade permits and commence construction of the new apartment building by the end of July 2016 and the developer is not willing to extend the fixed price term beyond that period, the Deputy City Manager Cluster "A" report through Executive Committee to City Council on whether to proceed with the Proposal, and if so, the source of funds required.
7. City Council direct the Director of the Affordable Housing Office, in consultation with relevant Divisions, to report through Executive Committee to City Council on the final funding and program for the Community/Cultural Hub, the Live/Work Units and the Open Space Area required for final approval, when Council considers the land use approvals for the overall project.

Financial Impact

Subject to final planning approvals, the developer is proposing to deliver a completed Community/Cultural Hub of approximately 800 square meters, an Open Space Area of approximately 1,150 square meters to accommodate community uses including the Weston Farmers' Market and 26 Live/Work Units of affordable rental housing for Toronto Artscape. The total capital cost is estimated at \$10.05 million. An additional \$3.25 million to be placed in an operating reserve will also be necessary to ensure the viability of the Community/Cultural Hub over the first 15 years of operation, for a total funding requirement of \$13.3 million.

Funding for the project has been identified through a number of sources including the proceeds from the sale of the TPA parking lot, relief from City fees and charges, DC reserve fund contributions and credits, application of the Section 37 and cash-in-lieu parkland contributions, to be determined through the planning review process in the next phase, funding from the Federal-Provincial *Investment in Affordable Housing* Program,

fundraising and a leasehold mortgage from Artscape, as well as an operating endowment from the developer. The funding sources and estimated amounts are summarized as follows:

SOURCE OF FUNDS:

Proposed City Funding:

Net Proceeds TPA Sale	\$2,185,000
Developer's Section 37 Contribution	1,600,000
Development Charges Credit for Parks & Recreation Purposes	800,000
Community Development Reserve Fund (XR3100) or alternate City source	500,000
Parkland Cash-in-lieu Contribution	460,000
DCs/Permit Fees Waived through Municipal Capital Facility Designation	<u>195,000</u>
	<u>\$5,740,000</u>

Proposed 3rd Party Funding:

Affordable Housing Federal/Provincial subsidy	\$3,510,000
Artscape Housing Leasehold Mortgage	<u>800,000</u>
	<u>\$4,310,000</u>

TOTAL CAPITAL FUNDING **\$10,050,000**

Artscape Fundraising - Operating Funds	\$1,250,000
Rockport Community Hub Operating Endowment	<u>2,000,000</u>

TOTAL OPERATING SUBSIDY **\$3,250,000**

TOTAL PROJECT FUNDING **\$13,300,000**

There is no direct impact on City Operating or Capital Budgets from adoption of the recommendations contained in this report. The sources of funds arise from the completion of the sale of the TPA parking lot and revenues to the City from the developer's proposed multi-residential development that are revenues which would not arise but for completion of the development. The affordable Live/Work Units are proposed to be funded through the federal-provincial Investment in Affordable Housing program. The multi-residential development together with the Community/Cultural Hub and affordable rental Live/Work Units are seen as an important and essential step in the revitalization of the area.

The developer has proposed to guarantee the capital costs of the Project, but only if they are able to obtain above grade permits and commence construction of the new apartment building by the end of July 2016. The ability to obtain permits and commence construction by a certain timeline does not rest entirely with the City, but is also contingent on the applicant submitting materials to the City in a timely fashion, issues with the application being addressed by the applicant in a timely fashion, and considerations moving forward on the time line anticipated. In the event that the fixed price deadline is not met, and the developer does not agree to extending the period for the fixed price, or the funding sources are not available as presented in this preliminary plan, this report recommends that the Deputy City Manager Cluster "A" report back through Executive Committee on whether to proceed with the Project, and if so, details of the funding plan required.

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

Equity Impact

Lack of access to safe, secure, affordable housing in complete communities is a barrier to lower-income Toronto residents. The Development addresses this barrier by delivering federal, provincial and city funding and incentives, in partnership with the private and non-profit sectors, to create 26 new affordable rental homes for lower-income artist households. These homes will be located within a revitalized community comprised of new market rental homes, community and cultural space, shopping and public transit.

The impact of this initiative will be monitored for the 50-year period of the Contribution Agreement that Artscape will sign with the City. This agreement will require that the housing remain affordable for 50 years at no more than 80% of CMHC's average market rents.

DECISION HISTORY

City Council at its meeting on August 25, 26, 27 and 28, 2014, adopted EX44.19 *Development of a Community/Cultural Hub in Weston - Mount Dennis - Status Report* directing staff to conduct the necessary due diligence on the Weston Mount Dennis Community/Cultural Hub Proposal and report to Council through the Executive Committee on funding and other resources required to proceed. The Council decision can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.EX44.19>

City Council at its meeting March 5, 6 and 7, 2012 adopted EY13.3 *Weston 2021 Revitalization Strategy – Request for Direction Report* which specifically speaks to the benefits of such a hub within the Weston neighbourhood and lists affordable live/work space for artists, studio space, community space and a farmer's market. The Council decision and accompanying Advisory Council report can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EY13.3>

City Council at its meeting May 17, 18 and 19, 2011 adopted ED3.3 *Creative Capital Gains – An Action Plan for Toronto* which included recommendation "3.2 – Support the development of the Cultural/Creative Hub in Weston Mount Dennis and use it to showcase the community's history." Supporting this recommendation, a *Feasibility Study for a Cultural/Creative Hub in Weston Mount Dennis*, dated March 11, 2011, was prepared by Toronto Artscape for the City's Economic Development and Culture Division so as to initiate and support the Development of a cultural/creative hub in Weston Mount Dennis. The Council decision and accompanying Advisory Council report can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.ED3.3>

City Council at its meeting March 5, 6 and 7, 2012 adopted the report *Establishment of a Community Development Reserve Fund to Support Community Development Joint Ventures*. Council directed the establishment of a "reserve fund called the 'Community Development Reserve Fund' for receiving cash contributions for community development projects supporting local capacity building, resident engagement, revitalization and redevelopment..." Council also directed that the City accept a \$1.1 million contribution from Metrolinx to support the redevelopment of the Toronto Parking Authority's (TPA) John Street parking lot in Weston as a "Hub, including the Weston Village Farmer's Market, replacement TAP parking and a residential component." Council directed that the CDRF receive the \$1.1 million. This decision can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.EX16.4>

City Council at its meeting December 16, 17 and 18, 2013 adopted GM26.17 *Sale of Part of 22 John Street, Grant of Permanent Easement for Part of 53 Strachan Avenue, and Real Estate Acquisition and Expropriation of 14 John Street* which authorized the sale of a portion of the 22 John Street TPA parking lot to accommodate a pedestrian bridge over the Georgetown South rail corridor/Union-Pearson Air-Rail Link. Council directed that the proceeds from the sale be held in the Community Development Reserve Fund (XR3100) to support redevelopment of the surface parking lot at 22 John Street which includes a residential component, replacement municipal parking, Farmer's Market and a Community/Cultural Hub. Council further directed staff to commence negotiations to acquire and initiate the expropriation process for the vacant 14 John Street lands to support redevelopment of the 22 John Street parking lot. This decision can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.GM26.17>

ISSUE BACKGROUND

Planning for the revitalization of the Weston Neighbourhood Improvement Area began more than six years ago. Arising from this work was the *Weston 2021 Revitalization Strategy*, which outlined the benefits of a cultural hub, along with live/work units for artists, studio space, community space and a farmer's market.

In August 2012, the TPA issued *The Development Opportunity – 16 John Street in the Historic Village of Weston – For Sale by Expression of Interest (EOI)*. Through the EOI, the Rockport Group was chosen as the developer for the site and TPA entered into a

conditional Agreement of Purchase and Sale with 22 John Street Developments Inc., a company owned by Rockport. To achieve its vision for the community, Rockport's proposal includes Woodbourne Capital Management (owners of the adjoining apartment building at 33 King Street) and Toronto Artscape as project participants. Parallel to this, in December 2013 City Council authorized staff to initiate the expropriation process for the vacant adjacent property at 14 John Street for the relocation of the TPA parking lot.

A development proposal for the revitalization was prepared by Rockport and has over the past year been the subject of review and discussion between the TPA, Rockport, Artscape, Woodbourne Capital Management and City staff. At its meeting of August 25, 26, 27, and 28, 2014, City Council requested staff to conduct a due diligence review and report in early 2015 on the next steps in moving the Development forward.

A number of City Divisions and Agencies across the City's three Clusters have been working collaboratively to take action on the Weston Community/Cultural Hub, Live/Work Units and the Open Space Area including: the Affordable Housing Office, City Planning, Corporate Finance, Economic Development & Culture, Financial Planning, Legal Services, Parks, Forestry & Recreation, Social Development, Finance & Administration and the Toronto Parking Authority as well as the DCMs in Clusters A, B & C.

COMMENTS

The Development provides a unique opportunity for City Council to support an innovative approach to the economic and social revitalization of the Weston community. It is also consistent with the overwhelming support expressed by the community in consultations held over the past six years.

Overview of Revitalization

The Toronto Parking Authority, the Rockport Group and Woodbourne Capital Management, together with Toronto Artscape, have confirmed their intention of proceeding with the Development subject to the preliminary approvals outlined in this report. The proposal as before Council provides the following opportunities and proposed outcomes:

- Creation of 26 affordable rental Live/Work Units for artists on property leased to Artscape by Woodbourne Capital Management, for a period of 50 years, on the ground floor of 33 King Street.
- 800 square meters of space on the ground floor of 33 King Street for the creation of the Community/Cultural Hub on property leased to Artscape by Woodbourne Capital Management, for a period of 50 years, on the ground floor of 33 King Street.

- Development of a new, approximately 75-space Toronto Parking Authority lot to serve local businesses and the community.
- Provision of an Open Space Area of approximately 1,150 square meters for community events, including a long-term outdoor home for the Weston Farmers' Market.
- Construction of a market rental apartment building of some 350 units, with parking accommodated in the underutilized indoor parking at 33 King Street.
- Ongoing overall management of the Live/Work Units, the Hub and the Open Space Area by Toronto Artscape.

Key Terms of Proposal

By way of a letter to the TPA dated February 5, 2015, the developer is proposing terms and conditions under which it is prepared to develop and deliver the affordable rental Live/Work Units, the Community/Cultural Hub and the Open Space Area to the City. In order to move forward, Council's approval of the Development concept together with the funding strategy outlined in the Financial Impact section of this report will be required, upon which the developer will file the necessary planning applications to trigger the development approvals process.

The developer's commitment to provide the Live/Work Units, Hub and the Open Space Area is conditional on obtaining final approval from the City of the necessary Official Plan Amendment, rezoning and site plan for the new apartment building, and of the final funding model.

Any proposal or funding adjustments, based on the outcome of City Planning approvals, will be addressed in the final staff reports on the Development later this year or in early 2016.

A summary of the key requirements are as follows:

a. Funding Sources

The development of the Live/Work Units, Hub and Open Space Area are predicated on the funds for the capital works being made available to the developer and applied to pay for construction. More specifically, the developer will retain fees and charges otherwise exigible, and apply their value to the costs of construction.

The following funds, fees and charges would be retained by or flow to the developer:

Net Proceeds TPA Sale	\$2,185,000
Developer's Section 37 Contribution	1,600,000
Development Charges Credit for Parks & Recreation Purposes	800,000
Community Development Reserve Fund (XR3100) or alternate City source	500,000
Parkland Cash-in-lieu Contribution	460,000
DCs/Permit Fees Waived through Municipal Capital Facility Designation	<u>195,000</u>
	<u>\$5,740,000</u>

The funding available through the Federal-Provincial Investment in Affordable Housing Program (\$3.51 million) will flow to Artscape in installments from the City. The final funding report to Council will include a cash-flow plan identifying conditions precedent to releasing all City funds periodically at appropriate times throughout the development process.

b. Construction Costs

The developer has proposed to guarantee the capital costs of the Live/Work Units, Community/Cultural Hub and Open Space Area, but only if the developer is able to obtain above grade permits and commence construction of the new apartment building by the end of July 2016.

In the final funding report for Council approval, staff will report on any agreements required to secure the developer's cost guarantees through to July 2016, including measures to ensure delivery of the Community/Cultural Hub and Live/Work Units satisfactory to the City and Artscape. The City's contributions to the project will be conditional upon all agreements meeting the City's needs.

Should it be required and justified, contingency funding of up to \$390,000 is available through the Federal-Provincial *Investment in Affordable Housing* Program to address inflationary and unforeseen construction costs. Any agreements to secure the developer's cost guarantee will contain conditions addressing access to the contingency funds. If the funds are not needed for cost overruns, they will be applied to reduce the amount of Artscape's leasehold mortgage.

The limited cost containment strategy is a concern, should there be delays in obtaining approvals and permits. The ability to obtain permits and commence construction by a certain timeline does not rest with the City alone, but is also contingent on the applicant. In the event that the timeline proposed for the fixed price is not met, and the developer does not agree to extending the period for the fixed price, this report recommends the

Deputy City Manager Cluster "A" report back through Executive Committee on whether to proceed with the initiative, and if so, on a funding plan for any cost overruns.

c. Securing the Community Benefits

The developer is proposing to provide security by way of an unconditional and irrevocable Letter of Credit ("LC") in the amount of \$6.04 million to secure and guarantee its performance. Security for the balance of the capital costs of the Live/Work Units, Community/Cultural Hub and Open Space Area will be provided in the form of a mortgage in favour of the City on Artscape's leasehold title to 33 King Street, the property containing the Live/Work Units and Community/Cultural Hub. During the next phase of due diligence, staff will determine the appropriate form and level of security the City will require.

The total project cost, including operating start-up funds, is \$13.3 million. The total capital costs are \$10.05 million. The LC will be reduced as work progresses but will not be reduced below \$2.0 million until Artscape has confirmed receipt of the \$2.0 million Rockport Hub operating endowment. Adequate hold back amounts may need to be maintained until completion in order to guarantee performance. This is particularly so given that the City is foregoing its normal fees and charges that would otherwise be exigible, in advance of the delivery of the community benefits. Details of the proposed LC will be included in the final funding report planned for later this year or early 2016.

Agreements securing monetary and non-monetary community benefits will include a Section 37 agreement and affordable housing funding contribution agreement, secured on the relevant property titles. These and any other agreements necessary will be addressed in the final Planning and funding reports on the Development.

d. Real Estate Processes

The City's Real Estate Services Division is engaged in two processes required to advance the Development. First, the City-owned TPA parking lot at 22 John Street has been declared surplus and the TPA will now seek approval from the City to sell the site, anticipated in the Spring of 2015, when all of the conditions of the Agreement of Purchase and Sale between TPA and 22 John Street Developments Inc. are satisfied.

The current proposal contemplates that the City will retain ownership of the approximately 1,150 square meter outdoor Open Space Area which will be improved, repaired and maintained by Rockport to City specifications (including specifications regarding environmental condition), to facilitate its use as a permanent home for the Weston Farmers' Market and other community purposes.

Secondly, the adjacent lands to the south at 14 John Street are pending an expropriation of the existing vacant property for the purposes of creating a new TPA lot closer to Weston Road. Council has provided staff with direction on this matter and an

expropriation report is targeted for the April 8, 2015 Government Management Committee and May 5 and 6, 2015 City Council.

e. Municipal Capital Facilities Designation

In the future report to Council seeking final approvals, staff propose that the Community/Cultural Hub and Live/Work Units be designated as municipal capital facilities, to provide an exemption from exigible Development Charges and municipal property taxes. Provided that the uses of the affordable Live/Work Units and Community/Cultural Hub meet the requirements for designation as a Municipal Housing Capital Facility and Municipal Capital Facility, respectively, the City will pass a by-law to make such designations. As a non-profit development, the Live/Work Units would also be eligible for an exemption from building and planning fees.

The final decision with respect to the exemption from property taxes is the jurisdiction of the Municipal Property Assessment Corporation (MPAC), and such exemption is only effective on the latter of the by-law being passed, the necessary agreements are entered into, or the commencement date of the lease. The City cannot guarantee such relief of taxes will continue in perpetuity, should the uses no longer be eligible. It should be noted that although cultural centres are not eligible for MCF designation, community centres are and the Hub will be a public facility serving the general community.

f. Development Charges Credit

As part of the funding proposal, the developer requires City Council to approve a Development Charges Credit against DCs payable on the new apartment building for the provision of the Hub. Staff estimate the DC credit at \$800,000 based on 2016 rates. The developer further proposes that if the DC credit is higher than \$800,000, any additional amounts be applied to reduce Artscape's leasehold mortgage.

g. Affordable Rental Housing Live/Work Units

City staff is satisfied that Toronto Artscape has the expertise and track record to operate the Live/Work Units. City Legal staff is also satisfied with the selection of Toronto Artscape for capital funding for the Live/Work Units through the Toronto Parking Authority's *Sale by Expression of Interest* process.

The Live/Work Units upon completion will be available to qualifying low- and moderate-income individuals and families, members of which are from the arts community. Twenty-six units are planned, to be comprised of the following sizes: 14 one-bedroom, 9 two-bedroom and 3 two-bedroom plus den.

The primary capital funding for the Live/Work Units is available from the federal/provincial *Investment in Affordable Housing Program 2014-2020*. Subject to Council's approval of the Development, the City will submit a request to the Ontario Ministry of Municipal Affairs and Housing for approval of up to \$3.9 million in program funding.

A Building Condition Assessment for the space where the Live/Work Units and Community/Cultural Hub are to be constructed at 33 King Street will be undertaken prior to the final Council approval of the Development.

h. Community/Cultural Hub

The Community/Cultural Hub and adjacent outdoor Open Space Area will be the public focal point and gathering place for the revitalized community. The 800 square meter Hub proposed to be leased from the owners of 33 King Street by Artscape for 50 years, will be animated by a full range of art and community/cultural activities and available for public functions.

To ensure the success of their start up, and demonstrate their ongoing interest in the Hub, the developer has proposed to provide Toronto Artscape with an operating contribution of \$2 million. The details of the operating contribution will be reported to Council at the time staff report to Council on final project and funding approvals.

Artscape will undertake additional community consultation later in 2015 to determine the exact components of the Community/Cultural Hub, but the current business model assumes about one-third of the space is leased to community arts groups for their operations; one-third is co-working space for artists and community members; and one-third is a community event space. Similar to event operations in other Artscape projects, the event space will have a tiered, accessible pricing model, allowing for free to minimal price access for selected local activities, subsidized rates for not-for-profit organizations and full-rate fees for private and corporate events.

The initial fundraising for an Accessibility Fund will provide a declining subsidy over the first 15 years of operations to ensure that accessibility is offered from the moment of opening, while allowing a lengthy period of time for the operation to build the full rate clientele that will be required in the long-term to continue to underwrite this accessibility. The Accessibility Fund will also subsidize the first several years of tenant occupancy, as Artscape establishes and expands its programming and fundraising.

i. Outdoor Open Space Area

The approximately 1,150 square meter Open Space Area is proposed to be finished, repaired and maintained by Rockport to City specifications to facilitate its use as a permanent home for the Weston Farmers' Market and other community purposes. The programming of the Open Space Area is to be under the stewardship of Toronto Artscape, which has the demonstrated experience and expertise to undertake this role. The proposed program would commit Rockport to maintain the open space based on a standard to be agreed upon by Rockport, Artscape and the City.

The developer is purchasing the TPA lands for the construction of the new rental apartment building, but is proposing to not take ownership of the portion of the site proposed for the Open Space Area. These lands are proposed to remain in City

ownership, with departmental jurisdiction to be determined, but there are concerns regarding salt contamination. Environmentally suitable public lands are a matter of City policy, as are matters pertaining to ownership and filing for the purposes of an environmental Record of Site Condition. Staff will address any environmental issues with the Outdoor Open Space and include details in the final staff reports on the Development.

j. Ownership and Tenure

It is proposed that the Woodbourne Capital Management (owners of the adjoining apartment building at 33 King Street) would enter into a long term lease with Artscape directly for the Live/Work Units and the Hub. The terms of the leases between Artscape and Woodbourne Capital will require City review and approval. The City will require provisions to secure the community benefits in the event Artscape defaults on these leases, making the City the default leaseholder. The property management fee being proposed in the lease arrangement (above and beyond normal operating and maintenance expenses) is of concern if the City has to take over the lease.

k. Tax Arrears

The Artscape Wychwood Barns community cultural hub at 601 Christie Street in Ward 21 St. Paul's is technically in tax arrears with the City due to delays with the Municipal Property Assessment Corporation (MPAC) property tax assessment process. City policy is that the City not conduct business with parties that are in arrears to the City; however, a final tax assessment for the property is expected from MPAC in the near future when it is anticipated that Artscape's tax payments to the City to date will cover the revised balance owed. City staff will continue to work with Artscape to ensure that this issue is resolved prior to entering into agreements with Artscape.

l. City Planning

During the past six months there have been a series of meetings among the parties to review the proposed vision and concept for the Development. These meetings have identified and reviewed several land-use planning issues and submission requirements including built form, massing, urban design, easements for access and fire and emergency access.

The major focus of the pre-application review process has been the proposed new purpose-built rental apartment building to be constructed on the surplus Toronto Parking Authority lands. These meetings have been very helpful in guiding Rockport and the development partners in understanding the issues to be addressed. It should also assist City staff, upon the Planning application being made, in the review and processing of the application. In this regard the report recommends that City Planning expedite their consideration and reporting on this matter as the overall revitalization has now become time-sensitive. Note that approval timelines can be affected by any potential appeals to the Ontario Municipal Board.

m. Social Return on Investment

The Weston Community/Cultural Hub supports four of the City's six Strategic Action Themes of City Building, Economic Vitality, Environmental Sustainability and Social Development. The Hub also aligns with the Toronto Strong Neighbourhoods Strategy 2020 (TSNS 2020) by bringing targeted investments that contribute to improving the wellbeing of the neighbourhood.

The Weston community is vulnerable socio-economically and is under-served in terms of access to services and facilities. There are no community centres in the Weston neighbourhood. TSNS 2020 explicitly recognizes the need to develop such collective assets at the local level with the objective "to ensure every Toronto neighbourhood has the public, private and community infrastructure required for equitable resident opportunities."

The Weston community has also been identified as one of the City's 31 Neighbourhood Improvement Areas (NIAs). The City's neighbourhood revitalization strategies target capital and service investments to strengthen neighbourhoods in the NIAs. This initiative will improve the quality of life in the neighbourhood and provide an opportunity to create accessible community space, a basic prerequisite to building strong neighbourhoods.

Providing 26 affordable live/work homes for households in the creative sector along with a Community/Cultural Hub supports the goals of *Housing Opportunities Toronto 2010-2020*, the City's 10-year affordable housing action plan. The lack of safe, secure, affordable housing in complete communities is a barrier to lower-income Toronto residents. The Weston initiative responds to this need by providing affordable homes within a revitalized, mixed-income community including new affordable and market rental homes, community and cultural space, easy access to local amenities, and public transit connectivity.

Investment in the Weston Community/Cultural Hub provides social, economic and cultural returns for the City. The Hub is an essential part of any successful revitalization strategy for the Weston Community. It will bring the community together, provide public meeting spaces, shape the cultural identity of the neighbourhood and foster neighbourhood and social inclusion.

Summary of Key Terms, Issues and Recommendations

The following chart summarizes the key terms of the proposal as described above and highlights the outstanding issues that staff will address with the developer and Artscape. The final proposal and funding model will be reported to Council later this year or in early 2016 based on this on-going work and the outcome of City Planning approvals.

Condition	Issue	Recommendation
Funding Sources	Precedence of reinvesting city fees/charges and cash-in-lieu of parkland arising from a development locally	Approve funding strategy due to need to revitalize priority neighbourhood.
Construction Costs	Limited cost overrun protection	Report back to Council on whether to proceed with Proposal if fixed price term cannot be met, and if so, with funding sources for any cost overruns.
Securing the Community Benefits	Proposed LC terms inadequate in relation to project cost	More substantial LC be retained until project delivery. Mortgage value in favour of City on 33 King Street to be co-ordinated with LC to provide greater security.
Real Estate Processes	No issues	Sale of 22 John Street and expropriation of 14 John Street to proceed.
Municipal Capital Facilities Designation	Need to determine that use meets bylaw requirements	Confirm that use meets bylaw requirements and secure in Capital Facilities Agreement.
Development Charges Credit	No issues	Council approve DC credit.
Affordable Rental Housing Live/Work Units	Building condition will be studied in next phase of development	Council approve Investment in Affordable Housing funding. Ensure that Building Condition Assessment is completed for 33 King Street.
Community/Cultural Hub		
Open Space Area	City to retain ownership of Open Space Area	Ensure environmental and jurisdictional issues addressed.
Ownership and Tenure	Lease between Artscape and Woodbourne Capital, the owners of 33 King Street; in event of default, City recourse includes assuming lease or foregoing community benefit	Protect community benefit with conditions of lease reviewed and approved by City.
Tax Arrears	Artscape's Wychwood Barns hub in tax arrears due to MPAC assessment delay	Ensure arrears resolved prior to entering into agreements with Artscape.
City Planning	Securing of access easements and determination of Section 37 benefits	Planning review to be expedited once Rockport has made the necessary applications, following Council-approved Section 37 Implementation Guidelines and process.
Social Return on Investment	No issues	Approve funding strategy to support social, economic and cultural returns for the City and neighbourhood.

CONCLUSION

Upon Council approval of the proposed preliminary funding and program model outlined in this report, the Toronto Parking Authority will continue to work with Rockport and the Development partners to complete further due diligence, including the timely submission of the necessary development applications. This will also result in triggering the formal land-use planning process, including the further engagement of the public.

The proposed Weston Revitalization as outlined and recommended in this report, while taking a unique community development approach, has the power to generate significant positive social and economic benefits for the neighbourhood.

These include temporary and permanent employment, new affordable and market housing opportunities, wider community benefits and the positive engagement of the public.

Taken together with the upcoming completion of the Union Pearson Express by Metrolinx and GO Transit, the Weston Community/Cultural Hub Proposal will contribute to an area-wide social and economic revitalization.

CONTACT

Holly Penfound
Policy Development Officer
Policy & Partnerships
Affordable Housing Office
Tel: (416) 397-4250
Fax: (416) 392-4219
Email: hpenfou@toronto.ca

Lori Martin
Senior Cultural Affairs Officer
Arts and Culture Services
Economic Development and Culture
Tel: (416) 392-5225
Fax: (416) 392-5600
Email: lmartin2@toronto.ca

SIGNATURE

Sean Gadon, Director
Affordable Housing Office

Michael H. Williams, General Manager
Economic Development and Culture