

**Results of the Request for Proposals for Affordable Rental Housing at Queen's Wharf Road in City Place (Block 36 North Railway Lands)**

<b>Date:</b>	June 6, 2016
<b>To:</b>	Affordable Housing Committee
<b>From:</b>	Deputy City Manager Cluster 'A' Chief Corporate Officer
<b>Wards:</b>	<b>Ward 20 Trinity-Spadina</b>
<b>Reference Number:</b>	AFS - #22845

**SUMMARY**

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This report recommends Council approve Dominus Capital Corporation as the successful proponent of a Request For Proposals to build and operate 80 affordable rental homes for 50 years on Queen's Wharf Road (Block 36 North) in City Place (Railway Lands) in Ward 20 Trinity-Spadina (the "Property"). These homes will provide quality affordable housing for low-income individuals and families. It also recommends that the City re-acquire the site from Toronto Community Housing for a nominal sum.

This initiative, in partnership with Toronto Community Housing, will be supported by federal/provincial funding of \$7,000,000 and City funding, including contingences, of \$6,400,000, consisting of \$3,000,000 to reduce capital costs and ensure affordability and \$3,400,000 for required site improvements (including soil remediation), physical infrastructure costs, development levies and public art contributions and the provincial portion of the land transfer tax. As well, the City will provide other financial incentives and 15 rent supplements to make the housing more affordable to lower-income households. Dominus will contribute \$15.4 million to this initiative. The site will be leased to Dominus for 50 years for a nominal sum.

Proceeding with this development will activate a site that has remained undeveloped for 20 years and contribute to the City meeting its annual targets for new affordable rental housing in the Housing Opportunities Toronto Action Plan 2010-2020.

## **RECOMMENDATIONS**

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### **The Chief Corporate Officer and Deputy City Manager, Cluster A recommend that:**

1. City Council authorize the Chief Corporate Officer (the "CCO") to negotiate, in consultation with the Director, Affordable Housing Office, the acquisition of the Property with Toronto Community Housing Corporation ("TCHC") for a nominal purchase price, and authorize the City to enter into an agreement of purchase and sale (the "Agreement") substantially on the terms outlined in Appendix "A" to this report and on such other or amended terms and conditions as may be acceptable to the CCO, in consultation with the Director, Affordable Housing Office, and in a form satisfactory to the City Solicitor.
2. City Council authorizes severally each of the CCO, and the Director of Real Estate Services to execute the Agreement and any ancillary agreements and documents under the Agreement on behalf of the City.
3. City Council authorize the CCO to administer and manage the purchase of the Property from TCHC, in consultation with the Director, Affordable Housing Office, including the provision of any consents, approvals, waivers and notices, provided that she may, at any time, refer consideration of any such matters (including their content) to City Council for its consideration and direction.
4. City Council authorize the City Solicitor to complete the contemplated purchase 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 the City Solicitor considers reasonable.
5. City Council authorize the CCO to declare the Property as surplus to the City's needs, for the purposes of entering into a 50-year lease with Dominus Capital Corporation, and take all necessary steps to comply with the City's real estate disposal process, as set out in Chapter 213 of the City of Toronto Municipal Code.
6. City Council authorizes the City to accept the Offer to Lease from Dominus Capital Corporation, or a related corporation formed for the purposes of this transaction, for a term of 50 years, for the property municipally known as Block 36 North, substantially on the terms and conditions outlined in Appendix "B", and on such other or amended terms and conditions acceptable to the CCO, or the CCO's designate, and in a form acceptable to the City Solicitor.
7. City Council authorize each of the Chief Corporate Officer and the Director of Real Estate Services severally to accept the Offer to Lease on behalf of the City.

8. City Council authorize the CCO, or the CCO's designate, to administer and manage the lease agreement, including the provision of any consents, approvals, 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, Real Estate Services, in consultation with the Director, Affordable Housing Office, to make or provide its consent once it is the owner, to any regulatory applications by Dominus Capital Corporation or a related corporation and to grant a licence or licences to Dominus Capital Corporation for a term or terms of up to forty-two (42) months from the date of the City's acceptance of the Offer to Lease, for the purposes of entering onto the Property to carry out environmental testing and monitoring and other pre-development activities and authorizes severally each of the CCO, and the Director of Real Estate Services to execute the applications, consents and licences.
10. City Council authorize the Director, Real Estate Services, in consultation with the Director, Affordable Housing Office, to grant a licence or licences to provide access for the construction on the Property, at no cost, to Dominus Capital Corporation or a related corporation, over City property at the Mouth of the Creek and North Linear Park on terms and conditions satisfactory to the Director, Real Estate Services, and in a form approved by the City Solicitor.
11. City Council authorize the Director, Affordable Housing Office, to submit a request to the Ministry of Municipal Affairs and Housing for funding through the federal/ provincial Investment in Affordable Housing for Ontario Program (Extension 2014-2020) – Rental Component, in the amount of \$7,000,000 to be used by Dominus Capital Corporation for the development of the affordable housing units on the Property.
12. City Council authorize the Director, Affordable Housing Office, to provide capital funding from the Development Charges Reserve Fund for Subsidized Housing (XR1116) in an amount not to exceed \$6,400,000 to fund the expenses relating to the transfer from TCHC, development and construction costs, including infrastructure and environmental remediation.
13. City Council authorize the Director, Affordable Housing Office, to:
  - a) Negotiate and enter into, on behalf of the City, a municipal housing facility agreement, the City's "Contribution Agreement", with Dominus Capital Corporation or a related corporation, to secure the financial assistance, including the exemption from taxation for municipal and school purposes for a maximum duration of the affordable rental period, being provided and to set out the terms of the development and operation of the new affordable rental housing, on terms and conditions satisfactory to the Director, Affordable Housing Office, in consultation with the Deputy City

Manager and Chief Financial Officer, and in a form approved by the City Solicitor; and

- b) Execute, on behalf of the City, the municipal housing facility agreement, any security or financing documents or any other documents required to facilitate the funding process, including any documents required by Dominus Capital Corporation, or its related corporation to complete construction and conventional financing, where required.
- 14. City Council authorize the City Solicitor to execute, postpone, confirm the status of, and discharge any City security documents registered as required by normal business practices.
- 15. City Council authorize that the development on the Property be exempt from the payment of development charges and be exempt from the payment of planning and park dedication fees and building permits under existing City policy.
- 16. City Council authorize the Director, Affordable Housing Office to designate the Property as social housing for the purpose of allowing all or part of the Property relief from normal parking standards.
- 17. City Council authorize that the appropriate City officials be directed to take the necessary action to give effect thereto.

### **Implementation Points**

Upon Council approval of this report, the City will accept the Offer to Lease with Dominus Capital Corporation. A Contribution Agreement is to be signed by mid-December, once the successful proponent has done its due diligence and is prepared to enter into the agreement.

The Contribution Agreement and the Offer to Lease set out the terms and conditions of City funding and incentives, including reporting and marketing requirements, rent levels and tenant eligibility.

Concurrently, City officials, with Council approval, will proceed to execute the necessary agreements to allow for the transfer of the Property from TCHC to the City at a nominal cost.

The City will then provide its consent as owner of Block 36 North to any regulatory applications by Dominus Capital Corporation and grant a licence or licences for a term or terms up to forty-two (42) months from the date of the City's acceptance of the Offer to Lease in order to allow for environmental testing and remediation and other required pre-development activities on the Property. As well, the City will grant a licence at no cost to the successful proponent over City lands designated Mouth of the Creek and North Linear Park to provide access for construction of Block 36 North, if required.

City staff will also recommend the Block 36 North development to the Ontario Ministry of Municipal Affairs and Housing as eligible for capital funding from the federal/provincial Investment in Affordable Housing for Ontario Program (Extension 2014-2020) – Rental Component.

It will be the responsibility of Dominus Capital Corporation to satisfy any and all City, provincial and federal regulatory and program requirements, and to meet any other conditions considered necessary prior to the start of construction, during construction and for the period of operation, including environmental testing and remediation.

## **Financial Impact**

The projected cost to build 80 affordable rental homes at Block 36 North is approximately \$33,000,000, including contingencies, of which more than \$15,400,000 will be provided by Dominus Capital Corporation by way of an equity contribution of approximately \$2,800,000 and approximately \$12,600,000 in mortgage financing. The balance of the costs will be satisfied by a combination of federal, provincial and City funding and incentives, as described below.

This report recommends an allocation of \$7,000,000 from the federal/provincial Investment in Affordable Housing for Ontario Program (Extension 2014-2020) – Rental Component ("IAH-E funding") which is available in the approved Program Delivery and Fiscal Plan submitted to the Province. In addition, \$3,000,000 will be provided in capital funding by the City from the Development Charges Reserve Fund for Subsidized Housing (XR-2116) to assist in making the homes more affordable.

Additional capital funding of up to \$500,000 from the Development Charges Reserve Fund for Subsidized Housing (XR-2116) will be made available for required environmental remediation. In addition, up to \$800,000 from the Development Charge Reserve Fund for Subsidized Housing (XR-2116) will be made available to construct a retaining wall along the north boundary of the Property adjacent to the rail corridor, to fund the expenses relating to the transfer from TCHC and for other infrastructure costs. If it is demonstrated that these costs exceed the budgeted amount further capital funding of \$1,200,000 from the Development Charges Reserve Fund (XR-2116) is to be made available.

As the site is located in the Railway Lands, a Public Art Fee and a Development Levy to contribute to the cost of constructing schools, a library, a daycare and a community centre is payable. The Public Art Fee at 1% of construction costs is estimated at \$275,000 and the Development Levy at \$525,000, and if applicable for this project would be sourced from the Development Charges Reserve Fund for Subsidized Housing (XR-2116).

Non-cash City incentives by way of waived development charges equivalent to \$1,684,000 and waived building permit and planning fees of \$303,700 and an exemption from property taxes for the length of the lease estimated at \$ 1,071,000 will also be contributed.

In addition, closing costs on the conveyance of the Property from TCHC are estimated at just under \$100,000, including land transfer tax and registration fees, also to be sourced from the Development Charges Reserve Fund for Subsidized Housing (XR2116).

The uncommitted balance in the Development Charges Reserve Fund for Subsidized Housing (XR-2116) is sufficient to support the recommendations in this report.

The 2016 and future years' Operating Budget for Shelter, Support & Housing Administration will be amended, and separate authority will be sought, pending the timing requirements of the cash flows for the development of the project with a \$0 net impact.

The City is leasing the land for 50 years less a day at nominal cost to Dominus Capital Corporation to ensure the affordability level of the rents for 50 years.

The City is also providing 15 rent supplements from TCHC, subject to Dominus Capital Corporation entering into a rent supplement agreement, to increase rent affordability. In addition, at the City's option throughout the term of the Contribution Agreement, Dominus Capital Corporation will be obligated to make up to 25% of the apartments available to households receiving a housing allowance. In both cases, households are to be referred through the housing access system.

### Summary of Proposed Funding for Block 36 North

	\$ millions	
<b>Total Project Cost (incl. HST)</b>		<b>31.0</b>
Developer Equity	2.8	
Developer Mortgage (estimated)	<u>12.6</u>	
<b>Sub- total - Developer Contribution</b>		<b>15.4</b>
Federal/Provincial Investment in Affordable Housing Program - Extension	7.0	
HST Rebate	<u>2.2</u>	
<b>Sub-total Federal/Provincial Funding</b>		<b>9.2</b>
City capital funding from DCRF	3.0	
Development Charges and Fees and Permits waiver/exemption (indirect cost)	2.0	
<u>Additional capital funding from DCRF:</u>		
Environmental remediation costs from DCRF	.5	
Retaining Wall and infrastructure costs from DCRF	.8	
Land Transfer Tax from DCRF	.1	
<b>Sub-total City Funding</b>		<b>6.4</b>
<b>Total Funding</b>		<b>31.0</b>

<b>Possible City Funding (if required)</b>		
Contingency capital funding from DCRF - up to \$1,200,000 for transfer costs and additional soil remediation, retaining wall and infrastructure costs, if any, from DCRF	<b>1.2</b>	
Railway Land Public Art Fee \$275,000 and Development Levy \$525,000 from DCRF	<b>.8</b>	
<b>TOTAL CAPITAL FUNDING INCLUDING CONTINGENCIES</b>		<b>33.0</b>

<b>Summary of City Contributions</b>		
DCRF capital funding	<b>4.4</b>	
DCRF contingency capital funding	<b>2.0</b>	
DCRF maximum funding		<b>6.4</b>
<b>Indirect City Contribution:</b>		
Development Charges and Fees and Permits waiver/exemption	<b>2.0</b>	
Net present value of property tax exemption over 50 years (Operating)	<b>1.1</b>	
Total Indirect City Contribution		<b>3.1</b>

The indirect contribution outlined above is consistent with City policy for assisting the development of affordable housing.

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

## **EQUITY IMPACT**

Access to safe, secure, affordable housing in all parts of Toronto is a fundamental goal of the City's *Housing Opportunities Toronto Action Plan 2010-2020 and the Housing Stability Service Planning Framework*. Providing new affordable housing is also a goal of the City's Poverty Reduction Strategy.

The construction and operation of affordable rental homes at Block 36 North will provide a mix of housing opportunities for 80 lower-income households, including individuals, couples and families and persons with physical disabilities. The construction of these homes also promotes the city's employment related equity goals by requiring the developer to provide apprenticeship-training opportunities.

The rents will be affordable for households with incomes between \$34,000 and \$61,240. Rents will range from 76.6% to 100% of average market rent (2016 rates adjusted to time of occupancy). These will be approximately:

- One bedroom: \$850 to \$1,100
- Two bedroom: \$990 to \$1,300
- Three bedroom: \$1,150 to \$1,530

In addition, 15 households will pay even less through rent supplements geared to their incomes. Additional housing allowances will be made available to increase affordability.

## DECISION HISTORY

At its meeting of September 25, 26 and 27, 2006, City Council approved an Official Plan and re-zoning amendment to Zoning By-law 1994-0805 for Block 36 for the site-specific zoning now in effect.

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/te7rpt/cl013.pdf>

At its meeting of July 16, 17, 18 and 19, 2007, Council approved the transfer of Blocks 18AB, 31, 32 and 36 in the Railway Lands to Toronto Community Housing Corporation for the development of an affordable rental and ownership housing.

<http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-07-16-cc11-dd.pdf>

At its meeting of August 5 and 6, 2009, City Council adopted the recommendations to endorse Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020 as the plan to address Toronto's affordable housing challenges over 10 years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.47>

At its meeting of December 16, 17 and 18, 2013, City Council adopted the *2014-2019 Housing Stability Service Planning Framework*. The framework includes nine strategic directions and a number of key actions to transform Toronto's housing stability service system.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD25.10>

At its meeting of June 10, 11, 12 and 13, 2014, City Council adopted the recommendations of the report from the General Manager, Shelter Support and Housing Administration and the Director Affordable Housing Office entitled *Investment in Affordable Housing Program Extension* approving the City's participation in this renewed federal/provincial affordable housing program and authorizing staff to enter into the required administrative agreement with the Ministry of Municipal Affairs and Housing.

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

At its meeting of May 26, 2015 the Executive Committee adopted EX6.8 *Affordable Housing "Open Door" Initiative* with amendments instructing staff to report on land, planning and



financial actions aimed at enhancing the City's ability to deliver affordable housing and achieve its approved housing targets.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX6.8>

At its meeting of December 9 and 10, 2015, City Council requested the Director, Affordable Housing Office to issue a Proposal Call for the development and operation of new affordable housing on Block 36 North in the Railway Lands and to report back with a recommendation for the successful proponent.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.19>

## **ISSUE BACKGROUND**

In 2015, the City unveiled the *Open Door Program* to accelerate the delivery of affordable housing across Toronto. Details of initiatives included unlocking the potential of surplus City lands, providing City incentives to private as well as non-profit organizations, and fast tracking the planning approvals process.

At its December 9 and 10, 2015 meeting Council directed the Director, Affordable Housing Office, to issue a Request for Proposals (RFP) for Block 36 North in City Place/ Railway Lands under *Open Door*.

### ***The Site and Surrounding Community***

Block 36 North on Queens Wharf Road is located in the City Place neighbourhood, the area bounded by Front Street West to the North, Spadina Avenue to the east, the Gardiner Expressway to the south and Bathurst Street in the west. The area has been developed in the last 10 years into a residential neighbourhood of high-rise condominiums housing approximately 18,000 people, predominantly young urban professionals.

City Place is well served by local transit, numerous parks and is very close to the waterfront. There is a library on Block 36 South west of Spadina Avenue at Fort York Boulevard. A public and separate school and a daycare and community centre are to start construction in 2017. A new TCHC building is located across from the site.

Along with Block 36 South and Block 32, Block 36 North was transferred by the City to TCHC in 2007 at nominal cost for affordable rental and ownership housing. Since then TCHC successfully developed 427 affordable rental family homes on Block 32 and, with a private sector partner, a 364-unit market condominium on Block 36 South. Due to a lack of resources, TCHC decided not to proceed with developing Block 36 North and has asked the City to re-assume ownership.

### ***Planning and Zoning Information***

Under the current zoning, Block 36 North has as-of-right permission for a residential building of up to 6,163 square metres (66,338 square feet) - equivalent to about 80 homes.

Given the IAH-E funding deadlines, proposals for as-of-right developments were encouraged in the RFP, with those requiring Committee of Adjustment minor variances being acceptable. A Zoning By-law amendment was not permitted. All proposals are subject to Site Plan approval and have to be in keeping with the Railway Lands West and Central Urban Design Guidelines and Secondary Plan.

When Block 36 South received its planning approvals it was on the basis of Block 36 North sharing the underground parking ramp so there will be only one entrance from Queen's Wharf Road (See Appendix "C" for site map). Dominus Capital Corporation will have to enter into a Shared Facilities Agreement with the Library District Condominium and the Toronto Public Library to access the ramp.

### ***Environmental Status and Remediation***

Phase One and Two Environmental Site Assessments were done for Block 36 North and adjacent parklands in 2012 and remediation carried out on the parklands. These showed contamination in the soil but not in the groundwater. However, the soil, groundwater and sediment standards in the provincial *Environmental Protection Act* have since been updated, requiring new environmental testing.

Remediation to obtain a Record of Site Condition will be the responsibility of Dominus Capital Corporation. Based on the cost of remediation for Block 36 South, the City allocated up to \$1,500,000 in the RFP to remediate Block 36 North. Dominus Capital Corporation, based on its extensive experience, has projected a cost of \$500,000. Actual costs will be reconciled as part of the final capital budget approval.

### ***Legal Agreements***

#### **Contribution Agreement**

A Contribution Agreement setting out the terms and conditions of the City providing the funding and resources identified to support the development, including reporting requirements, marketing, rent levels and generally all obligations of the Proponent to meet funding deadlines, must be signed by December 15, 2016. Construction, defined by the 'start of construction', which in this case is the start of environmental remediation, must begin within 120 days of signing.

#### **Agreement of Purchase and Sale between TCHC and the City**

Terms of the Agreement of Purchase and Sale between TCHC and the City are provided in Appendix "A" attached hereto. City Staff considers an Agreement of Purchase and Sale based on terms and conditions set out in the foregoing to be fair and reasonable, and therefore recommends the approval of this transaction.

## **Lease Agreement between Dominus Capital Corporation and the City**

Terms of the Lease Agreement between Dominus Capital Corporation and the City, including a term of 50 years less a day and nominal rent are provided in Appendix "B" attached hereto. Entering into the Lease Agreement is a condition of the Contribution Agreement and the funding provided under that agreement. City Staff considers a Lease Agreement based on terms and conditions set out in the foregoing to be fair and reasonable, and therefore recommends the approval of this agreement.

## **COMMENTS**

### ***Request for Proposals and Evaluation***

The Affordable Housing Office issued a Request for Proposals on January 29, 2016 seeking a developer and operator for Block 36 North. City priorities were:

- 1) To build and operate high-quality, purpose-built, affordable rental housing.
- 2) To provide good value for the funding and incentives offered.
- 3) To ensure that construction starts in a timely manner.

On closing March 24, 2016, four proposals were received from private and non-profit organizations.

Proposals were reviewed by an Evaluation Committee composed of staff from the Affordable Housing Office, Corporate Finance and Shelter, Support and Housing Administration. They were also reviewed by City Planning, whose input was used in the evaluation process. Dominus Capital Corporation was the highest scoring proposal and was selected unanimously for recommendation to Council.

Dominus Capital Corporation will benefit from:

- Access to publicly-owned land at a nominal lease cost for 50 years
- City incentives including exemption from payment of development charges, parkland dedication, planning and building permit fees as well as exemption from property taxes for 50 years
- 15 City rent supplements
- Federal/provincial funding for up to \$7,000,000
- City funding from the Development Charges Reserve account
- Fast tracked planning approval process

## **The Successful Proposal**

Dominus Capital Corporation (Dominus), operating as Cityzen Development Group and Dominus Construction Group, was the highest scoring proposal. An experienced residential developer, Dominus has the capacity to build and operate high-quality affordable rental housing and to start construction in a timely manner.

Dominus has more than 25 years' experience as a large-scale private developer in the GTA, including building a number of high-rise condominiums in Toronto and surrounding municipalities. It successfully developed and operates a 237-unit building for seniors funded by the federal/provincial Affordable Housing Program and the City.

Berkley Property Management will provide property management services. Berkeley manages 8,000 units of rental housing throughout Southern Ontario and has managed several non-profit affordable housing buildings for TCHC and regional housing authorities.

## **The Proposed Building**

The building proposed for Block 36N will be eight storeys and contain 80 affordable rental apartments: 33 one-bedroom, 33 two-bedroom and 14 three-bedroom. The design meets the Affordable Housing Guidelines, exceeds amenity space requirements and has incorporated many of the City's Tier Two Green Standard elements. The building is designed with balconies, indoor amenity space opening onto a terrace stepped down to the Mouth of the Creek to the west and with accesses the North Linear Park and the plaza of the Library Condominiums to the south. Only minor variances are expected in order to have the proposed design by Zeidler Partnership Architects comply with all necessary planning requirements. Planning staff have reviewed the proposal.

## **Affordability**

The proposed building will be on land leased from the City at a nominal cost for 50 years during which it must remain affordable. Dominus is proposing rents at 76% of average market rent for the 47 units funded by the Investment in Affordable Housing –Extension Program (IAH-E) and 100% average market rent for the remaining 33. This results in a range of rents from \$850-\$1,110 for a one bedroom; \$990-\$1,301 for a two bedroom and \$1,150-\$1,531 for a three bedroom (based on 2016 rates and to be adjusted to the date of occupancy).

Rents at these levels are affordable to households with an annual income between \$34,000 and \$61,240. To increase affordability and to support the implementation of the *Housing Stability Service Planning Framework*, 15 homes will be available to households paying rent-geared-to-income as the City is providing 15 rent supplements. In addition, at the City's option throughout the term of the Contribution Agreement, up to 25% of the homes in the building can be made available to households receiving a housing allowance. Residents must be chosen from, or eligible to be on, the City's housing access system.

## **Funding and Incentives**

In order to make the development affordable and financially viable, the Proponent is contributing equity of approximately \$2,800,000 and mortgage financing of approximately \$12,600,000. The balance of the capital costs of \$31,000,000 will be coming from \$7,000,000 in IAH-E funding, \$3,000,000 from the City's Development Charges Reserve Fund and waived development charges, parkland dedication costs and planning and building permit fees of \$2,000,000. As well, the City will provide \$500,000 for soil remediation and \$800,000 for infrastructure costs. An additional \$1,200,000 in City funding is available as a contingency if transfer costs, soil remediation and infrastructure costs exceed the estimates. In addition, an exemption for property taxes worth \$1.1 million will be provided for the length of the 50-year lease.

As part of the Railway Lands, the development is required to pay a Public Art Fee and a Development Levy towards the cost of constructing schools, a library, a daycare and a community centre. The Public Art Fee at 1% of construction costs is estimated at \$275,000 and the Development Levy at \$525,000. In addition, payment of Land Transfer Taxes when the land is transferred from TCHC to the City is required. This is estimated to be \$95,975.

Section 37 contributions of approximately \$3,000,000 from residential developments in Ward 20 Trinity-Spadina may be available as a community benefit to replace City funding from the Development Charges Reserve Fund. The Section 37 funds have not yet been received by the City. As funds are received, staff will report back on the amount, details of the contributions, and disposition for affordable housing purposes.

## **Construction Timetable**

Dominus is experienced in undertaking soil remediation and has an excellent track record of completing developments on time and on budget. Pre-development work will start immediately after approval of this report by Council as Dominus has in-house construction capacity to start quickly. Soil remediation is projected to be complete by year end with construction to start early in 2017. The first residents will start moving in in early 2019.

## **Community Relations**

It will be the responsibility of Dominus to work with the community and City officials to ensure the new affordable housing is an asset and fits into the neighbourhood. Dominus will also be responsible to execute its community consultation and communications plan, engage the community and inform neighbours and stakeholders of site activities during all phases of the development and operation. As well, a construction management plan to address the impact of construction on neighbours is a requirement of an approved Site Plan.

## CONCLUSIONS

This report recommends approval of the second affordable housing RFP launched under the City's Open Door program. It contains recommendations to approve Dominus Capital Corporation as the builder and operator of 80 affordable rental homes on Queens Wharf Road/Block 36 North in City Place/the Railway Lands. The first successful Open Door RFP was for 200 Madison Avenue, where construction of 82 affordable rental homes is about to start. These new homes will contribute to the City's annual affordable housing targets and to the City's poverty reduction and equity objectives.

Dominus Capital Corporation will provide long-term affordable rental homes for families with children, individuals and persons with physical disabilities.

Concurrent with this report is a report to Council based on the work of an inter-divisional committee proposing the implementation of *Open Door*.

## CONTACT

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## SIGNATURE

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Josie Scioli  
Chief Corporate Officer

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Giuliana Carbone  
Deputy City Manager, Cluster A

## ATTACHMENTS

Appendix A – Terms and Conditions of the Agreement of Purchase and Sale between TCHC and the City

Appendix B – Terms and Conditions of the Lease between Dominus Capital Corporation and the City

Appendix C - Site Details Block 36 North

## **Appendix A – Terms and Conditions of the Agreement of Purchase and Sale Between TCHC and the City**

<b>Address (Location):</b>	Block 36 North – Toronto, Ontario
<b>Owner/Vendor:</b>	Toronto Community Housing Corporation
<b>Legal Description:</b>	Part of Lot 20, Index Plan D970, being Parts 2 and 3 on Plan 66R-26042, Toronto
<b>Proposed Purchase Price:</b>	Nominal
<b>Additional Costs:</b>	
	Land Transfer Tax (Provincial):           \$ 95,975
	Registration Costs: <u>\$ 200</u>
	<b>Total Additional Costs:                   \$ 96,175</b>
<b>Due Diligence Period:</b>	Shall be the period of time ending at 11:59 pm on the business day next following 30 days after the Agreement is executed by both parties.
<b>Requisition Period:</b>	Shall be the period of time ending at 11:59 pm on the 15 <sup>th</sup> business day preceding the closing date.
<b>Closing Date:</b>	Shall be the business day following 30 days after delivery of a notice of waiver or notice of satisfaction in connection with the due diligence condition, which expires at the end of the due diligence period.

## **Appendix B – Terms and Conditions of the Lease between Dominus Capital Corporation and the City**

- Parties:** City of Toronto as landlord and Dominus Capital Corporation as tenant.
- Leased Premises:** Part of Lot 20, Index Plan D970, being Parts 2 and 3 on Plan 66R-26042, Toronto
- Term:** 50 years less a day
- Rent:** Nominal
- Net Lease:** the Lease shall be entirely net to the City, and the tenant, shall be responsible for all operating and maintenance costs, and any applicable taxes, charges, expenses and outlays arising from the use and occupancy of the Leased Premises.
- Use:** the Tenant shall use, manage and operate the Leased Premises solely, continuously and actively and in accordance with the requirements of the Contribution Agreement and the Lease.
- Leasehold Mortgage:** Provided that the Tenant is not in default under the Lease or the Contribution Agreement, the Tenant shall have the right at any time and from time to time to mortgage the Lease and the Tenant's leasehold interest in the Leased Premises, with the consent of the City.
- Assignment/Subleasing:** the Tenant shall not Transfer or sublet all or any part of the Leased Premises for the whole or any part of the Term without obtaining the prior written consent of the City. The Tenant may transfer all or part of the Leased Premises to another entity associated with or controlled by the Tenant and acceptable to the City. No assignment by the Tenant shall be effective until the Transferee has entered into an agreement directly with the City, in a form satisfactory to the City, whereby the assignee expressly agrees to assume all of the obligations and liabilities.
- Insurance:** the Tenant shall acquire insurance as required by the City.
- Indemnity:** the Tenant shall indemnify and save harmless the City from any and all claims and losses of every nature and kind whatsoever and of and from all liabilities of every nature and kind whatsoever in connection with the Leased Premises and the Lease, whether accrued, actual or contingent.



## **Appendix C – Site Details Queen's Wharf Road in City Place**

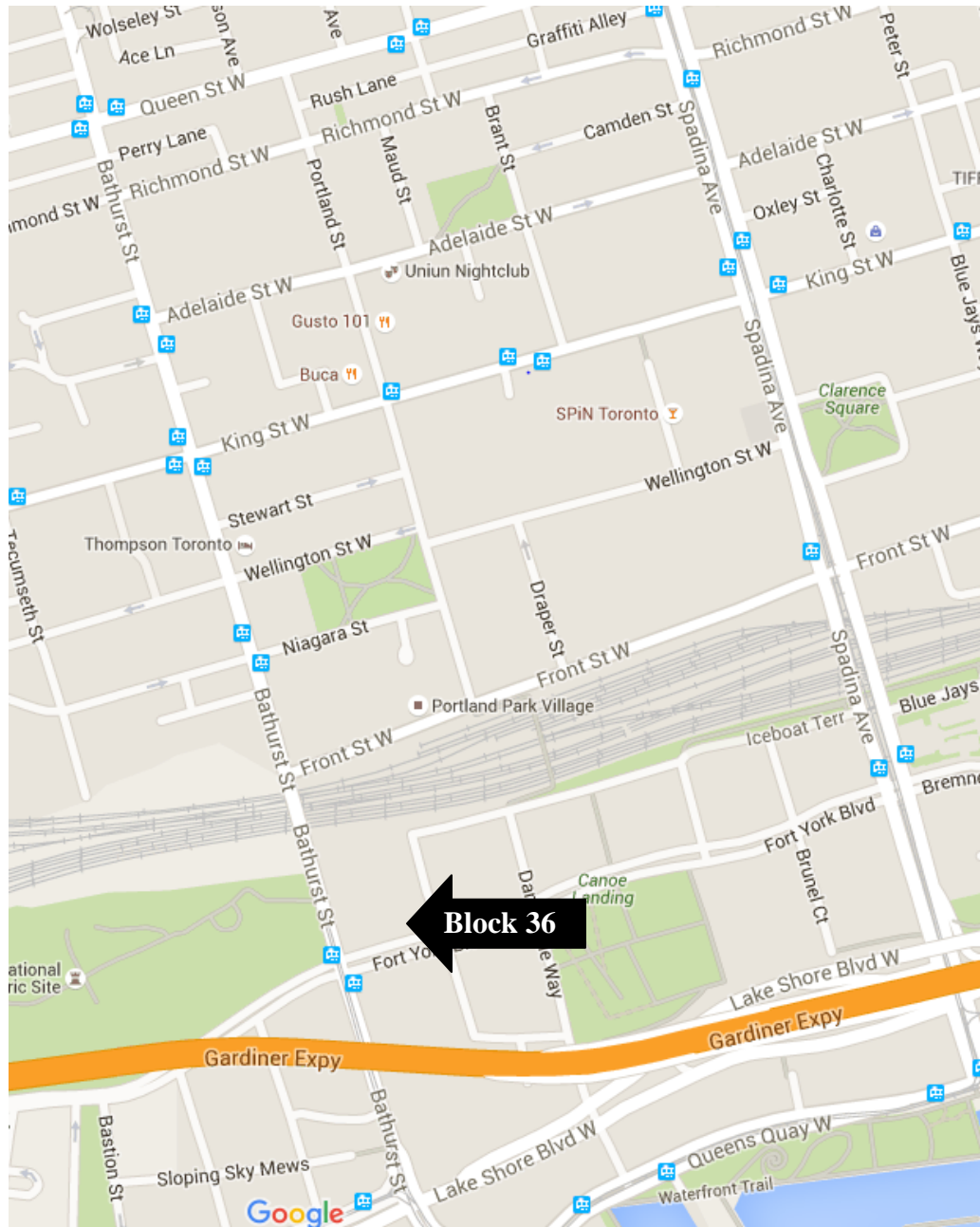
### **Property Location and Description**

Address:	Queen's Wharf Road in City Place
Location:	Fronting on to Queen's Wharf Road to the east, North Linear Park to the north, Mouth of the Creek Park to the west and 170 Fort York Boulevard to the south.
Legal Description:	Part of Lot 20, Index Plan D970 designated as Parts 3 and 4 on Plan 66R-26042 in the City of Toronto.
Ownership:	City of Toronto
Ward:	20 (Trinity – Spadina)
Area:	Rectangular shaped property with an area of 1,537.8 square meters or 0.38 acres

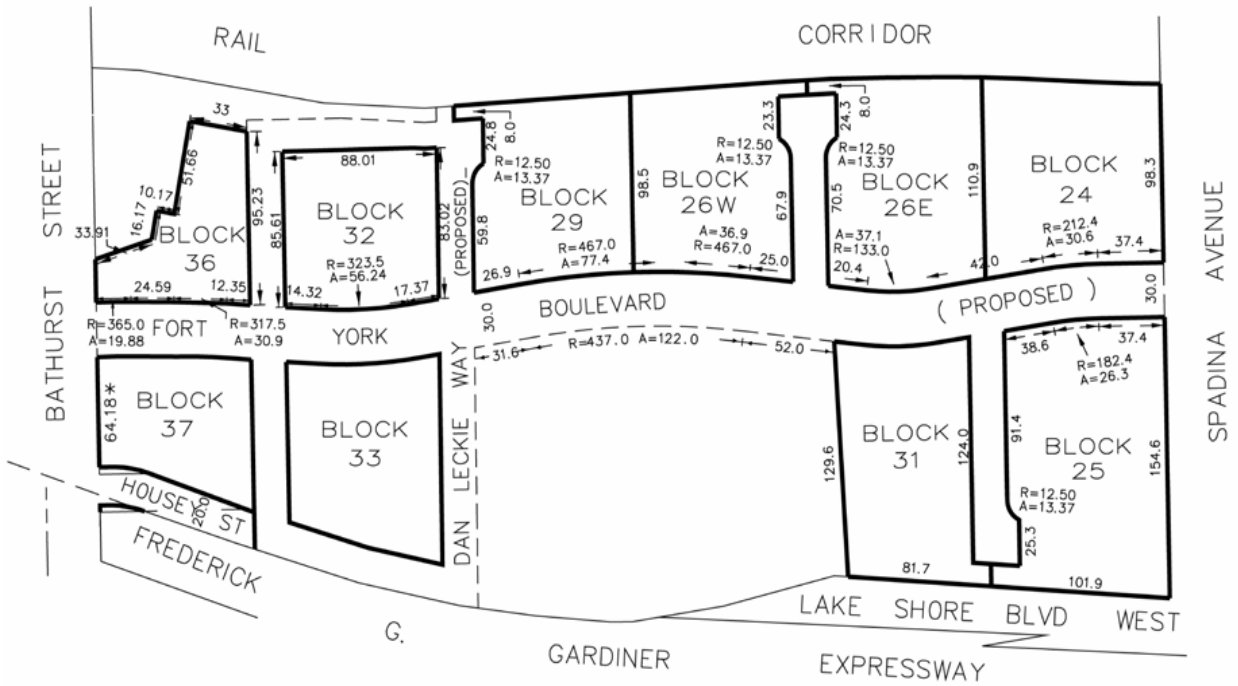
### **Neighbourhood Description**

- Site is located in City Place neighbourhood which is bound by Front Street to the north, Spadina Avenue to the east, The Gardiner Expressway to the south and Bathurst Street to the west
- Residential neighbourhood of high-rise condominiums housing about 18,000 people
- Local commercial and retail uses, numerous parks, library and in planning stage for two schools, community centre and daycare
- Close to waterfront and several transit options

**Area Map:**



# Railway Lands West



 BLOCK BOUNDARIES

\* : MEASURED FROM THE NORTH LIMIT OF PART 61 PLAN 64R-14891

--- PROPOSED PUBLIC HIGHWAYS

Architectural Renderings



Cityzen-Dominus RFP Submission  
Affordable Housing City Place  
ZEIDLER PARTNERSHIP ARCHITECTS



Results of the RFP to Develop and Operate Affordable Rental Housing at Queen's Wharf Road 20