



**STAFF REPORT
ACTION REQUIRED**

**A Program for 100 New Affordable Rental and
Ownership Homes at 36 Tippett Road**

Date:	March 2, 2016
To:	Executive Committee
From:	Director, Affordable Housing Office
Wards:	Ward 10 – York Centre
Reference Number:	AFS #21604

SUMMARY

This report recommends affordable housing program funding and incentives for 50 new affordable rental homes and 50 affordable ownership homes at 36 Tippett Road in Ward 10 York Centre. The affordable housing plan for 36 Tippett Road was developed in collaboration with Build Toronto and the developer, Shiplake Properties (developing the property as the Rocket Tippett Inc.), which has acquired the site from Build Toronto.

Financial contributions for the 100 affordable homes are proposed from Build Toronto, the Federal and Provincial Governments, and the City. It is proposed the City make an allocation from the Federal/Provincial *Investment in Affordable Housing Program*, and provide funds from the City's *Home Ownership Assistance Program* and Development Charges Reserve Fund for Subsidized Housing.

City Council adopted the Tippett Road Area Regeneration Study in July 2015, and directed the Director, Affordable Housing Office, to work with Build Toronto and the Regeneration Area property owners to deliver affordable rental and ownership homes.

The Tippet Road Regeneration Area is bounded by Wilson Heights Boulevard, Wilson Avenue, Champlain Boulevard, Highway 401 and Allen Road in Ward 10 – York Centre.

RECOMMENDATIONS

The Director of the Affordable Housing Office recommends that:

1. City Council approve up to \$1.25 million from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 50 down payment assistance loans to eligible purchasers of housing to be developed on the property currently known as 36 Tippett Road, in the form of a grant by way of forgivable loan under the terms of the City's *Home Ownership Assistance Program*;
2. City Council approve up to \$1.0 million from the Development Charges Reserve Fund for Subsidized Housing (XR2116) to provide capital assistance to Shiplake Properties Limited, the Rocket Tippett Inc. or a related corporation, towards the development of 50 affordable rental units on the property currently known as 36 Tippett Road, in the form of a grant by way of forgivable loan;
3. City Council authorize the Director, Revenue Services, to recommend an exemption from taxation for municipal and school purposes to the Municipal Property Assessment Corporation for the 50 affordable rental units to be developed on the property currently known as 36 Tippett Road for the period of 25 years;
4. City Council authorize the Deputy City Manager and Chief Financial Officer to approve the waiving of all the development charges and planning fees for the affordable rental units to be developed on the property known as 36 Tippett Road;
5. City Council authorize the Director, Affordable Housing Office, to negotiate enter into and execute, on behalf of the City, all affordable housing funding agreements, municipal housing facility agreements and any security, financing or other documents required with Build Toronto, the affordable housing developers, and any other party deemed necessary to facilitate the funding and incentives detailed in this report, 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
6. Council grant authority to the City Solicitor to execute, postpone, confirm the status of, and discharge any City security documents registered as required by normal business practices.

Financial Impact

This report recommends that City Council allocate affordable housing funding and incentives for 100 homes at 36 Tippett Road under the affordable housing plan for the Tippett Road Regeneration Area.

The Tippett Road affordable housing plan proposes approximately \$2.75 million in City incentives and funding for 50 affordable rental homes and approximately \$2.9 million in

City, federal, and provincial funding for up to 50 affordable ownership homes at 36 Tippett Road, as summarized below.

Address	Developer / Property Owner	Affordable Rental Homes			Affordable Ownership Homes		
		Number of Homes	City Incentives (approx. \$35,000/unit)	City Funding (\$20,000/unit) DCRF XR2116	Number of Homes	Federal / Provincial Funding (approx. \$33,000/unit) IAH	City Funding (\$25,000/unit) DCRF XR2116
36 Tippett Road	Shiplake Properties (the Rocket Tippett Inc.) / Build Toronto	50	\$1.75M	\$1M	50	\$1.65M	\$1.25M
Totals		100	Affordable Homes				
		\$5.65M	Funding and Incentives				
		\$56,500	Funding and Incentives per Unit				

Affordable Rental Homes

The City incentives for the 50 rental homes represents relief from development charges, planning fees, and municipal property taxes. This approximately \$1.75 million contribution is not a direct capital payment but represents the forgiveness of City levies and is thus foregone revenue to the City. Municipal property tax relief is recommended for the 25-year affordability term of the rental homes and the total value of the incentives includes an estimation of the net present value of that 20-year relief.

An additional \$1.0 million in direct capital assistance is recommended for the 50 affordable rental homes from the Development Charges Reserve Fund for Subsidized Housing (XR2116). The *Open Door Program* recommended staff utilize the Development Charges Reserve Fund to support new affordable rental homes.

To assist in the fulfillment of the Affordable Housing Memorandum of Understanding between Build Toronto and the City, Build Toronto will also contribute \$1.0 million towards the development and affordability of the rental homes.

Affordable Ownership Homes

Contributions to the 50 new affordable ownership homes are proposed from the federal/provincial *Investment in Affordable Housing Program – Homeownership Component (IAH)* and the City's *Home Ownership Assistance Program (HOAP)*.

It is recommended that \$25,000 for each of the 50 affordable ownership homes be provided from the HOAP for a total of up to \$1.25 million. HOAP is funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116) and funds are

provided as grants by way of forgivable down-payment assistance loans for eligible lower-income purchasers at a rate of \$25,000 per loan.

This HOAP funding can be provided from the \$2 million annually that Council has approved for the program, and which is included in the 2016 Approved Operating Budget for Shelter, Support and Housing Administration (SSHA).

City Council has provided delegated authority to the Director, Affordable Housing Office, to make allocations from the IAH. The Director proposes to provide approximately \$1.65 million in IAH funding for the up to 50 affordable ownership homes at 36 Tippett Road. Similar to the HOAP funding, IAH funds are delivered as grants by way of forgivable loans for down-payment assistance to eligible lower-income purchasers. Loans are provided at a rate of 10% of the price of the home.

Under both the IAH and HOAP, loans are repaid to the City with a share of appreciation in the value of the home when the original purchaser sells the home. The funds are then available to assist additional purchasers.

The uncommitted balance in the Development Charges Reserve Fund for Subsidized Housing (XR2116) is sufficient to support the recommendations in this report. The sufficiency of the reserve is reviewed regularly by the Affordable Housing Office and on an annual basis as part of the City's operating budget process. There is also sufficient IAH funding available for this project.

Depending on the timing requirements of the cash flows, the future years' Operating Budget submissions for Shelter, Support and Housing Administration will include IAH funding for the affordable housing and DCRF funding for the affordable rental homes with a \$0 net impact.

The Deputy City Manager and Chief Financial Officer have reviewed this report and agree 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 recommendations contained in this report address this barrier by delivering federal, provincial and city investments, in partnership with the private development sector, to create 50 new affordable rental and 50 new affordable ownership homes.

The provision of new affordable housing serves equity-seeking groups such as lower-income residents, women, seniors, persons with disabilities, Aboriginal people, individuals with mental health issues and other vulnerable groups.

This initiative will contribute toward achieving the City's *Housing Opportunities Toronto* 10-year targets for new affordable rental and ownership homes.

DECISION HISTORY

GM9.10, *Transfer of Properties to Build Toronto and Declaration of Surplus - Fourth Quarter 2011*, which recommended that eleven properties be declared surplus for the purposes of transfer to Build Toronto including 36 Tippett Road. The Council decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2011.GM9.10>

City Council on December 9 and 10, 2015 adopted EX10.18 *Affordable Housing Open Door Program* with amendments which detailed land, planning and financial actions aimed at enhancing the City's ability to deliver affordable housing and achieve its approved housing targets. Council adopted actions to better utilize surplus public lands and provide financial contributions for new affordable housing from the City's Development Charges Reserve Fund for Subsidized Housing (XR2116). The report informed Council of the Tippett Road Regeneration Area as an affordable housing pilot project opportunity. Staff will report further on financial and administrative implications of the *Open Door Program* to the Spring 2016 Affordable Housing Committee, June 2016 Executive Committee, and July 2016 City Council. The December 2015 City Council Decision document can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.18>

City Council on December 9 and 10, 2015, adopted PG8.6 *Tippett Road Area Regeneration Study - Final Report* with amendments. The report presented the final proposed policy framework for the Tippett Road Area Regeneration Study including affordable housing requirements. The final report and policy framework built on number of earlier reports regarding the Tippett Road Area Regeneration Study. The City Council Decision can be viewed here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.PG8.6>

BACKGROUND

The Tippett Road Area Regeneration Study was undertaken to develop a comprehensive planning framework to guide the redevelopment of this 12.6 hectare, formerly industrial area, as a complete community. The Director, Affordable Housing Office, was directed by City Council to work with Build Toronto and the developers and landowners in the Regeneration Area to achieve an initial 250 affordable rental and ownership homes on lands south of Wilson Avenue.

The surplus City property at 30 Tippett Road was transferred to Build Toronto in 2011. Build Toronto has sold the northern portion, now know as of 36 Tippett Road, to Shiplake Properties which will develop the site as the Rocket Tippett Inc. Build Toronto is in the process of selling the remaining southern portion of the property.

In 2010, Build Toronto entered into a Memorandum of Understanding (MOU) with the City of Toronto regarding the development of affordable housing on the surplus sites the City provides to Build Toronto. The MOU set targets for affordable ownership and rental

homes and will be updated in 2016 under the *Open Door Program*. Build Toronto continues to work with the Affordable Housing Office to identify properties, funding sources and financial strategies to deliver affordable housing in Build Toronto's portfolio.

In addition to the 100 affordable homes at 36 Tippett Road that are the subject of this report, the future developer of the southern portion of 36 Tippett Road will also deliver approximately 50 affordable ownership and 50 affordable rental homes, for a total of 200 new affordable homes on this surplus City site.

The City provides affordable rental housing incentives in the form of waived development charges, planning fees, and municipal property tax under existing City policies and the Municipal Housing Facility Bylaw (By-law No. 124-2016). To be eligible for City incentives under these policies, homes must have rents below the city's average market rent, as reported by Canada Mortgage and Housing Corporation in its annual fall survey.

The City has a program delivery agreement with the Province of Ontario under the IAH, which includes a Homeownership Component that provides down-payment assistance loans worth 10% of the home's value to eligible households.

City Council established the HOAP in 2010 with \$2 million annually from the Development Charges Reserve Fund for Subsidized Housing (XR2116) to support affordable ownership developments and eligible lower-income purchasers. HOAP provides \$25,000 for each new affordable home. In conjunction with the federal/provincial IAH program, the funds are delivered as down-payment assistance loans to eligible households. The programs are applied together to deepen affordability for purchasers and make home ownership more accessible for lower-income households.

COMMENTS

This report outlines the affordable housing program for 36 Tippett Road and recommends funding and incentives for a total of 100 new affordable homes. The affordable housing will be delivered under the City's housing programs and secured by program agreements with the developer and Build Toronto rather than Planning agreements under Section 37 of the Planning Act or the Official Plan's large sites policy.

Shiplake Properties has purchased 36 Tippett Road from Build Toronto and has worked in collaboration with Build Toronto and the Affordable Housing Office to deliver the 50 affordable ownership and 50 affordable rental homes. Shiplake Properties operating as the Rocket Tippett Inc. will build, own and operate the affordable rental housing and will build and market the affordable ownership homes, providing new housing opportunities for the local community. Planning approvals are in place for the homes and marketing and construction are expected to begin in 2016.

The 50 rental homes will be rented to eligible lower-income families and individuals at no more than the city's average market rent for a 20-year affordability term, plus a 5-year

phase-out period. To achieve this it is proposed that Build Toronto and the City each provide \$1.0 million in direct funding and the City waive planning and development fees and charges and municipal property taxes. The City's \$1.0 million capital contribution is recommended to come from the Development Charges Reserve Fund for Subsidized Housing (XR2116). The City will continue to explore federal / provincial funding opportunities to deepen affordability for the rental homes, including the provision of housing allowances or rent supplements.

To deliver the 50 affordable ownership homes it is proposed that up to 50 loans from the federal/provincial IAH be provided to eligible purchasers. As per the program's guidelines, the loans are valued at 10% of the home's price, for an approximate IAH funding total of \$1.65 million. In addition, this report recommends that \$25,000 per home, for a total of up to \$1.25 million be provided from the City's HOAP.

The combined funding will assist in providing the homes at more affordable prices to eligible lower-income families and individuals. Each home will have HOAP and IAH loan funds secured by a "silent" no-payment mortgage and the loan be paid back to the City with a share of any capital appreciation if the home is resold. Given the combined value of the assistance it is proposed that the loans not have a forgiveness date after which the mortgage would no longer be payable if the purchaser remained in the home.

CONCLUSIONS

This affordable housing delivery plan for 36 Tippett Road provides funding and incentives a total of 100 new affordable homes, 50 rental and 50 ownership, as part of the Tippett Road Regeneration Area. This housing program is the result of a partnership between the developer, Shiplake Properties, and Build Toronto and the City and includes capital contributions from Build Toronto and the City. Future reports will address the delivery of additional affordable homes on the remaining development sites in the Tippett Road Regeneration Area.

CONTACT

Erik Hunter
Manager, Policy and Partnerships
Affordable Housing Office
Phone: 416-397-4251
Fax: 416-392-4219
Email: ehunter@toronto.ca

SIGNATURE

Sean Gadon, Director, Affordable Housing Office