



**STAFF REPORT
ACTION REQUIRED**

**A Program for 100 New Affordable Rental and
Ownership Homes at 30 Tippett Road**

Date:	June 8, 2016
To:	Affordable Housing Committee Executive Committee
From:	Director, Affordable Housing Office
Wards:	Ward 10 – York Centre
Reference Number:	AFS #22951

SUMMARY

This report recommends funding and incentives for 50 new affordable rental and 50 affordable ownership homes at 30 Tippett Road in Ward 10 York Centre. The affordable housing plan for this site resulted from a collaboration with Build Toronto and developer Shiplake Properties Limited, a subsidiary of which has entered into an agreement to acquire 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. An allocation from the Federal/Provincial *Investment in Affordable Housing Program* and funding from the City's Development Charges Reserve Fund for Subsidized Housing are recommended.

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.

On March 31 and April 1, 2016 City Council allocated federal and provincial funding and City funding and incentives for the first 100 affordable homes on the Build Toronto lands at 36 Tippett Road. A concurrent report, *A Program for 50 New Affordable Ownership Homes at 4, 6 and 9 Tippett Road*, will provide federal, provincial and City funding for 50 additional affordable ownership homes on private lands in the Tippett Road Regeneration Area. Combined, these three reports provide support for 250 affordable homes.

The 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 allocating up to \$1.25 million from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 50 down payment assistance loans of \$25,000 each to eligible purchasers of housing to be developed on the property currently known as 30 Tippett Road, under the terms of the City's Home Ownership Assistance Program.
2. City Council approve a change to the terms of the City's Home Ownership Assistance Program so that the down payment assistance loans no longer be forgivable after twenty years, but be repayable on sale of the home.
3. 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, or a related corporation, towards the development of 50 affordable rental units on the property currently known as 30 Tippett Road, in the form of a grant by way of forgivable loan.
4. 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 30 Tippett Road for the affordable rental period and up to 25 years.
5. City Council authorize the Deputy City Manager & 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 30 Tippett Road.
6. 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 developer, 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 & Chief Financial Officer, and in a form approved by the City Solicitor.
7. 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 30 Tippet Road under the affordable housing plan for the Tippet Road Regeneration Area.

The affordable housing plan proposes the investment of 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 30 Tippet Road, as summarized below.

30 Tippet Road Shiplake Properties / Build Toronto		
Affordable Ownership Homes	Value of Loan Per Unit	Total Support (50 Units)
City (XR2116)	\$25,000	\$1,250,000
Federal/Provincial (IAH)	\$33,000	\$1,650,000
	\$58,000	\$2,900,000
Affordable Rental Homes	Value of Contribution Per Unit	Total Support (50 Units)
City Incentives (approximate value)	\$35,000	\$1,750,000
City Funding (XR2116)	\$20,000	\$1,000,000
Build Toronto Contribution	\$20,000	\$1,000,000
	\$75,000	\$3,750,000

The funding for affordable housing projects is cash flowed through the Operating Budget for Shelter, Support and Housing Administration. Future year operating budget submissions will include the necessary IAH and DCRF funding for the advancement of the project based on project implementation schedule and construction timelines.

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 25-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 commitments made by Build Toronto in 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 affordability of 50 new affordable ownership homes are proposed to be made 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 down-payment assistance loans to eligible lower-income purchasers.

This HOAP funding can be provided from the \$2 million annually that Council has approved for the program.

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 from the IAH for up to 50 affordable ownership homes. Similar to the HOAP funding, IAH funds are delivered as loans for down-payment assistance to eligible lower-income purchasers. Loans are provided in an amount of up to 10% of the purchase price of the home.

Under both the IAH and the HOAP, loans are repaid to the City with a share of appreciation in the value of the home when the original purchaser sells or refinances 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.

A change to the terms of the City's *Home Ownership Assistance Program* is recommended so that the down payment assistance loans no longer be forgivable after 25 years, but be repayable on sale of the home so that they may be used to assist additional purchasers through the program.

The Deputy City Manager & Chief Financial Officer has 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 affordable rental and 50 affordable ownership homes.

Providing 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

City Council on May 11, 2010, adopted EX43.26 *Standardizing Support for New Assisted Ownership Housing Opportunities*, implementing a policy framework for the City funding to the Housing Ownership Assistance Program (HOAP), including eligibility criteria, terms and conditions of the second mortgage loans, and funding sources. The Council Decision can be found here:

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

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 30 Tippet 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 Tippet 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 June 20, 2016 Affordable Housing Committee, June 28, 2016 Executive Committee, and July 12, 13 and 14, 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 *Tippet Road Area Regeneration Study - Final Report* with amendments. The report presented the final proposed policy framework for the Tippet Road Area Regeneration Study including affordable housing requirements. The final report and policy framework built on number of earlier reports regarding the Tippet Road Area Regeneration Study. The City Council Decision can be viewed here:

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

City Council adopted EX13.8 *A Program for 100 New Affordable Rental and Ownership Homes at 36 Tippett Road* on March 31 and April 1, 2016, without amendments. The report recommended federal and provincial funding and City funding and incentives for the first 100 affordable homes on Build Toronto lands at 36 Tippett Road in the Tippett Road Regeneration Area. The City Council Decision can be viewed here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX13.8>

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 sold the northern portion of the site, now known as 36 Tippett Road, to Shiplake Properties earlier in 2016. Shiplake Properties has now purchased the remaining southern portion of the property at 30 Tippett Road.

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* and the City-Wide Real Estate Review. Build Toronto continues to work with the Affordable Housing Office to identify properties, funding sources and financial strategies to deliver affordable housing.

On March 31 and April 1, 2016 City Council allocated federal/provincial funding and City funding and incentives for the first 100 affordable homes on the Build Toronto lands at 36 Tippett Road. Build Toronto also contributed \$1 million to the affordable rental homes. A concurrent report, *A Program for 50 New Affordable Ownership Homes at 4, 6 and 9 Tippett Road*, will also propose providing federal, provincial and City funding for 50 additional affordable ownership homes on private lands in the Tippett Road Regeneration Area. Combined, these three reports recommend support for 250 affordable homes in the Tippett Road Regeneration Area.

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 these incentives, 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 federal/ provincial *Investment in Affordable Housing Program (IAH)*, which includes a Homeownership Component that provides down-payment assistance loans worth 10% of the home's value to eligible households.

The City's Home Ownership Assistance Program (HOAP) provides \$25,000 per affordable home to offset City development fees and charges. In conjunction with the 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 30 Tippet Road and recommends funding and incentives for a total of 100 affordable homes. This 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 30 Tippet 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 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.

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 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, effectively reducing the price of each home by \$58,000. Each home will have HOAP and IAH loan funds secured by a "silent" no-payment mortgage and the loan will be paid back to the City with a share of any capital appreciation, if the home is resold or refinanced. 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 30 Tippett Road provides funding and incentives for 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.

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SIGNATURE

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