

Creating 298 Affordable Rental Homes in Toronto: Results of the 2017 Open Door Call for Applications

Date: September 6, 2017
To: Affordable Housing Committee, Executive Committee
From: Director, Affordable Housing Office
Wards: Wards 5, 13, 20, 29, 32, 38

SUMMARY

This report outlines the results of the inaugural Open Door Program Call for Applications and recommends seven development proposals for Council approval, representing 298 affordable rental homes across the City. The report also recommends that authority be granted to City staff to enter into the necessary agreements to fund and secure the construction and operation of these affordable rental housing developments.

Open Door is a five-year initiative approved by City Council in July 2016. The program is designed to scale up City efforts to achieve Toronto's targets of creating 5,000 affordable rental homes and 2,000 affordable ownership opportunities for low- and moderate-income residents.

The recommended developments represent the results of a competitive Call for Affordable Rental Housing Applications which was issued in February, 2017 and closed on May 31. These applications were reviewed by an interdivisional committee of staff from the Affordable Housing Office, City Planning, City Legal, Shelter Support & Housing Administration, Corporate Finance, and Build Toronto.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council authorize the Director, Affordable Housing Office, to provide capital funding from the Development Charges Reserve Fund for Subsidized Housing (XR1116), in the amounts and for the projects described in the chart in the Financial Impact section of this Report and in an amount not to exceed \$11,073,462, to facilitate creation of the 298 affordable rental homes through the Open Door Program.

2. City Council authorize that the projects described in the chart in the Financial Impact section of this Report be exempt from the payment of development charges, building, planning and parkland dedication fees and charges.
3. City Council authorize an exemption from taxation for municipal and school purposes for the projects and for the periods of time described in the chart in the Financial Impact section of this Report.
4. City Council authorize City staff to cancel or refund any taxes paid after the effective date of the municipal capital facility agreement.
5. City Council authorize the Director, Affordable Housing Office, to negotiate and enter into, on behalf of the City, a municipal housing facility agreement, with recommended applicants, or related corporations to secure the financial assistance 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, Chief Financial Officer and General Manager, Shelter, Support and Housing Administration, in a form approved by the City Solicitor.
6. City Council authorize the Director, Affordable Housing Office, to 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 the applicants, or their related corporations to complete construction and conventional financing, where required.
7. 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.
8. City Council authorize the General Manager, Shelter, Support and Housing Administration to make necessary future budget adjustments to accommodate the cash flow for the funds approved in this report from the Development Charges Reserve Fund for Subsidized Housing.

FINANCIAL IMPACT

This report recommends that City Council allocate up to \$11,073,462 in City funding from the Development Charges Reserve Fund for Subsidized Housing (XR2116) and approximately \$11,311,000 in financial incentives (based on the City's 2017 fees, charges and tax relief estimates) to support the creation of 298 affordable rental homes for seven housing projects across the city as summarized below.

As affordable housing funding for the Affordable Housing Office is administered by the Shelter, Support and Housing Administration Division, the funding will be cash flowed through the Operating Budget for SSHA. Future year operating budget submissions will include the necessary Development Charges Reserve Fund (DCRF) funding for the advancement of projects, based on implementation and construction timelines.

<i>Company Name</i>	<i>Address</i>	<i>Ward</i>	<i>Affordable Homes</i>	<i>Affordability Period</i>	<i>Capital Funding Request</i>	<i>Fees & Charges Exemption</i>	<i>Net Present Value of Property Tax Exemption</i>
Concert Properties	5365 Dundas St W., Etobicoke	5	50	25	\$5,500,000	\$1,296,000	\$778,000
1656851 Ontario Inc. o/a High Park Villa	2140 Bloor St. W., Toronto	13	13	40	\$390,000	\$321,000	\$187,000
St. Clare's Multifaith Housing Society	25 Leonard Ave., Toronto	20	22	50	\$500,000	\$454,000	n/a
Mynikker Holdings Inc.	30 Cosburn Ave., Toronto	29	6	25	\$0.00	\$137,000	\$73,000
Akwa Honsta (Non Profit Aboriginal Homes) Inc.	136 Kingston Rd., Toronto	32	24	25	\$100,800	\$663,000	\$326,000
Innstead Co-operative Inc.	355-363 Coxwell Ave., Toronto	32	33	50	\$3,082,662	\$712,000	\$621,000
Verdiroc Development Corp. & Greenwin Inc.	1750 Ellesmere Rd, Toronto	38	150	25	\$1,500,000	\$3,610,000	\$2,133,000
<i>Total</i>			298	n/a	\$11,073,462	\$11,311,000	

Financial Incentives

City financial incentives represent relief from development charges, building and planning fees and municipal property taxes. The approximately \$11,311,000 in recommended incentives is not a direct capital payment but rather foregone revenue.

Municipal property tax relief is recommended for the affordability term of the rental homes and the total value of the incentives includes an estimation of the net present value of the municipal portion of the property taxes for the affordability period. Ongoing municipal property tax exemption is conditional upon compliance with terms and conditions as set in the Contribution Agreement over the affordability period.

Capital funding

An additional \$11,073,462 in direct capital assistance is recommended from the Development Charges Reserve Fund for Subsidized Housing (XR2116). The DCRF is an important funding source to support new affordable rental homes. City's capital funding contributions will also supplement equity contributions from the applicants.

The uncommitted 2017 balance in the fund is \$16.7 million and is sufficient to support the recommendations in this report.

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

EQUITY IMPACT STATEMENT

Access to safe, secure, affordable housing in all parts of Toronto is a fundamental goal of the City's 10-year Housing Opportunities Toronto Action Plan 2010-2020. The provision of new affordable housing is also a goal of the City's Poverty Reduction Strategy.

As the result of the first Open Door Call for Applications, 298 new affordable rental homes will be provide for lower- and moderate- income people, improving their economic and social well-being.

DECISION HISTORY

On August 5 and 6, 2009, City Council adopted EX33.47 Housing Opportunities Toronto: An Affordable Housing Action Plan 2010-2020 as the plan to address Toronto's affordable housing challenges over 10 years. The City Council Decision is available here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.EX33.47>

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 City Council Decision can be found here:

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

City Council on July 12, 13, 14 and 15, 2016, adopted with amendments EX16.26 Implementing the Open Door Affordable Housing Program which provided financial and implementation details regarding the City's new initiative. The Open Door Program staff report for action on Pre-Development Support for Three Affordable Housing Sites aims to scale-up affordable housing development to better meet Council's annual targets of 1,000 new affordable rental homes and 400 new affordable ownership homes.

Implementation matters addressed in the report include:

- a) a multi-year affordable housing investment plan to meet targets;
- b) a streamlined affordable housing incentives application process, and;
- c) expanded planning supports through the new Open Door Planning Service development application review process.

The City Council Decision is available here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.26>

COMMENTS

The City of Toronto issued the first Open Door Call for Affordable Rental Housing Applications in February, 2017 along with program guidelines and legal requirements as outlined in a Contribution Agreement Template.

The Open Door program, approved by City Council in July 2016 for five years, is designed to complement federal/provincial affordable housing initiatives and scale up City efforts to achieve Toronto's targets of creating 5,000 new affordable rental homes and 2,000 new affordable ownership opportunities.

The 2017 Call for Applications Summary

City financial commitments for the 2017 Call included capital funding and fees, charges and property tax exemptions to support the successful Open Door applicants.

Affordable rental housing in this call for applications was defined, according to the Official Plan, as new housing where the total monthly shelter cost (gross monthly rent, including heat, hydro and hot water, excluding parking and internet/cable charges) is at

or below Toronto’s average market rent (AMR) by unit type (number of bedrooms), as reported in the fall of each year by CMHC. The rents will be affordable for households with incomes between \$46,176 and \$74,112.

City of Toronto Average Market Rent (AMR) - 2017

Unit Type	AMR	Maximum Income Limit
Bachelor	\$962	\$46,176
1-bedroom	\$1,137	\$54,176
2-bedroom	\$1,341	\$64,368
3+bedroom	\$1,544	\$74,112

The Open Door Program requires approved applicants to follow the City's requirements for tenant selection, income verification, reporting, and overall administration of affordable rental homes. Residents will be directed to Open Door Program rental opportunities by the City's Housing Access System in accordance with the terms of the applicant's Access Plan. 10% of the units will be set aside to receive housing benefits that will further reduce the above rents and improve affordability.

On occupancy, new prospective residents are to be income tested in order to ensure that the household income limit is no more than four times the actual rent by bedroom type in the development. This applies at the initial occupancy and turnover.

Call for Applications Submission Summary

In total 22 applications were submitted to the Call for Applications. Of the 22, four were deemed ineligible as they did not include a development site and/or the application was incomplete.

The remaining 18 were assessed by an interdivisional review committee of staff from the Affordable Housing Office, City Planning, City Legal, Shelter Support & Housing Administration, Corporate Finance, and Build Toronto.

Applications were assessed on the basis of the Evaluation Criteria as outlined in the Call for Applications which included - affordability details (including size and mix of units, length and level/depth of affordability), development and management qualifications and plans, project design and development schedule, corporate financial viability and the capital and operating budget plan. To be successful, applications were required to score a minimum 70 points out of 100.

The seven projects being recommended were applied for by four private and three non-profit organizations.

Summary of Recommended Projects

The seven applications representing 298 affordable rental units recommended to Council for approval are:

1. Concert Properties

Address: 5365 Dundas Street West

Concert Properties has a 28-year development track record. This project is the second phase of its Kip District development and will include 50 affordable homes integrated into a 243-unit building, with proposed rents at the city's average market rent for 25 years. The project requires a Zoning By-Law Amendment and a Site Plan Approval. The Site Plan Approval for Phase 2 was submitted in 2016 is currently under review. Pre-application discussions have taken place for the zoning by-law amendments required for this phase.

2. 1656851 Ontario Inc.

Address: 2140 Bloor Street West

The High Park Villa project is a one-storey addition of 13 affordable homes to an existing 41-unit licensed boarding house operating under contract with Habitat Services. The building serves tenants with mental health issues and has proposed rents for the new units at the city's average market rent for 40 years. The project requires a Committee of Adjustment application for density and parking variances.

3. St. Clare's Multifaith Housing Society

Address: 25 Leonard Avenue

This project will add a three-storey building to the site that contains 22 affordable homes, with proposed rents at the city's average market rent for 50 years. It requires an Official Plan Amendment, a Zoning By-Law Amendment, and a Site Plan Approval. The Official Plan Amendment and Zoning By-Law Amendment applications have been approved and the Site Plan Approval application is currently under review.

4. Mynikker Holdings Inc.

Address: 30 Cosburn Avenue

Mynikker Holdings Inc. has a portfolio of 30 rental buildings comprising over 1,000 units across Southern Ontario. This project adds a fourth storey and six affordable homes to an existing 13-unit apartment building with proposed rents at 93% of the city's average market rent for 25 years. The project has received the required planning approvals.

5. Akwa Honsta (Non-Profit Aboriginal Homes) Inc.

Address: 136 Kingston Road

Akwa Honsta Inc. has operated affordable housing serving Toronto's Aboriginal community for over 25 years. This project adds 24 affordable homes to an existing 89

unit apartment building, with proposed rents at 90% of the city's average market rents for 25 years. It requires a Zoning By-Law Amendment and a Site Plan Approval.

6. Innstead Co-operative

Address: 355-363 Coxwell Avenue

Innstead Co-operative has been operating affordable housing for over 40 years. This project includes 33 permanently affordable homes with proposed rents below 93% of the city's average market rents in a six-storey apartment building. The project requires a Zoning By-Law Amendment and a Site Plan Approval. Both applications are currently under review.

7. The Verdiroc Development Corporation and Greenwin Inc.

Address: 1750 Ellesmere Road

This project includes 150 affordable homes in a 13-storey building with proposed rents at the city's average market rent for 25 years. The project is located near Scarborough Town Centre and will include space for private retail at grade. The project requires Site Plan Approval, which is currently under review.

Other details about these developments are summarized in Appendix A.

Next Steps and Considerations for 2018

Upon Council approval of the recommendations in this report, City staff will work with the selected organizations to execute the Contribution Agreements which outline terms and conditions of City funding and Incentives and to meet the City's planning and building requirements in order to move from the pre-development phase to construction and completion.

In preparation for the 2018 Call for Affordable Rental Housing Applications, the Affordable Housing Office is conducting a survey of organizations registered in the Open Door Program. The purpose is to determine what changes and/or improvements could be made to Open Door's overall performance. A copy of the survey is attached as Appendix B.

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ATTACHMENTS

Appendix A- Table 1: Overview of Open Door Recommended Projects
Appendix B - Survey of Organizations Registered in the Open Door Program

APPENDIX A - TABLE 1: OVERVIEW OF OPEN DOOR RECOMMENDED PROJECTS

	<i>Company Name</i>	<i>Municipal Address</i>	<i>Ward</i>	<i>Number & type of Affordable Units</i>	<i>Affordability Period</i>	<i>Estimated Construction Start Date</i>	<i>Estimated Completion Date</i>
1	Concert Properties	5365 Dundas St W., Etobicoke	5	50 total 40 - 2-Bedroom 10 - 3-Bedroom	25	June 2018	June 2021
2	1656851 Ontario Inc. o/a High Park Villa	2140 Bloor St. W., Toronto	13	13 total 13 - Bachelors	40	October 2018	July 2019
3	St. Clare's Multifaith Housing Society	25 Leonard Ave., Toronto	20	22 total 22 - Bachelors	50	October 2017	June 2018
4	Mynikker Holdings Inc	30 Cosburn Ave., Toronto	29	6 total 2 - Bachelor 4 - 1-Bedroom	25	April 2018	December 2018
5	Akwa Honsta (Non Profit Aboriginal Homes) Inc	136 Kingston Rd., Toronto	32	24 total 16 - 1-Bedroom 8 - 2-Bedroom	25	May 2019	October 2020
6	Innstead Co-operative Inc.	355-363 Coxwell Ave, Toronto	32	33 total 7 - Bachelor 21 - 1-Bedroom 5 - 2-Bedroom	50	April 2018	May 2019
7	Verdiroc Development Corp. & Greenwin Inc	1750 Ellesmere Rd, Toronto	38	150 total 27 - Bachelors 39 - 1-Bedroom 52 - 2-Bedroom 32 - 3-Bedroom	25	April 2018	January 2020

APPENDIX B - SURVEY OF ORGANIZATIONS REGISTERED IN THE OPEN DOOR PROGRAM

Thank you very much for signing up to the Open Door Program Registry. We are currently reviewing the applications submitted to the City's first annual Call for Applications and look forward to sharing the results with you in September. As we look forward to the next Open Door Call for Applications in 2018, we are hoping to collect feedback on this inaugural year of the program and identify areas for improvement. We noticed that you did not submit an application this year and are keen to understand how we might be able to encourage you to participate in future years. The survey is three questions long and should take no more than 10 minutes to complete. Any information you provide will be considered on an anonymous basis. The survey will be open until Friday, August 18. If you would prefer to complete the survey by telephone or have any questions or concerns, please contact Mercedeh Madani at 416-397-4252 or Mercedeh.madani@toronto.ca.

1. What sector do you represent:

- Private
- Non-profit
- Co-op
- Public
- Other, please specify: _____

2. Why did you choose not to apply to this year's Open Door Program Call for Applications? Select all that apply.

- Application process was too onerous
- Project was not far enough along
- Not enough time to complete an application
- Regulatory changes including the expansion of rent controls to buildings constructed after 1991
- Insufficient capital funding available
- Waiting for surplus government sites to become available
- Eligibility criteria were too restrictive
- Maximum rents (100% AMR) were too low
- Minimum affordability period (25 years) was too long
- Evaluation criteria were too restrictive
- Other, please specify: _____

Please provide any additional comments on why you chose not to apply to this year's Open Door Program Call for Applications here.

3. What would encourage you to apply for future Calls for Applications? Select all that apply.

- More capital funding
- Clearer application instructions
- Longer application period
- More information about how to develop private/non-profit partnerships
- More information about how this program complements other funding programs (e.g. federal and provincial)
- A City-hosted workshop on project feasibility and capacity development
- Other, please specify: _____
- None of the above

Please provide any additional comments on what would encourage you to apply for future Calls for Applications here.

Thank you very much for your time.