



## Creating New Affordable Rental Housing at the Mirvish Village Redevelopment

**Date:** June 5, 2017  
**To:** Executive Committee  
**From:** Director, Affordable Housing Office  
**Wards:** Ward 19- Trinity-Spadina

### SUMMARY

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This report makes recommendations to secure new affordable rental housing opportunities in an important and unique city building initiative in downtown Toronto.

City Council at its meeting of April 26, 27 and 28, 2017 requested the Director, Affordable Housing Office, in consultation with the Deputy City Manager & Chief Financial Officer to report to the June 19, 2017 Executive Committee meeting on the creation of 60 affordable rental homes in Part One of the Affordable Rental Housing Plan for 571 to 597 Bloor Street West, 738 to 782 Bathurst Street, 26 to 38 Lennox Street, 581-603 and 588 to 612 Markham Street ("Mirvish Village Redevelopment").

Council also requested that the Director, Affordable Housing Office, negotiate with the owner of the Mirvish Village Redevelopment to prioritize the delivery of affordable rental units by providing funding from federal/provincial sources as well as the City's Open Door Program, subject to the receipt of a satisfactory business plan.

Westbank Projects Corporation ("Westbank") submitted a business plan which has been deemed satisfactory by the Director, Affordable Housing Office, and the Deputy City Manager & Chief Financial Officer.

This report recommends Council approve a comprehensive funding and incentive package to deliver 60 affordable rental homes under Part One of the Affordable Housing Plan at the Mirvish Village Redevelopment and provides details on implementation.

Westbank will be making a \$4,000,000 Section 37 contribution. Federal/ provincial funding of \$6,000,000 from the Social Infrastructure Fund/ Investment in Affordable Housing (SIF/IAH) Program will also be provided, along with City incentives including relief from planning fees, development charges and municipal taxes. In return, rents will be set at 80% of the average market rent for the 60 homes, which will remain affordable for 25 years, inclusive of a 5-year phase out.

Westbank is also committed to working with the City and non-profit organizations on additional affordable housing rental opportunities including, but are not limited to, considering referral agreements and head-lease arrangements.

Sixty affordable rental homes represent seven percent of the homes in the redevelopment. The units will be confirmed through the execution of a Contribution Agreement, currently under negotiation between the City and Westbank.

As directed by Council, Part Two of the Affordable Housing Plan will work to achieve up to 20% of the total dwelling units as affordable rental housing.

Part Two of the plan will be subject to the principals of a Memorandum of Understanding ("MOU") currently under negotiation with Westbank. It is anticipated that the MOU will be executed by June 30, 2017.

## **RECOMMENDATIONS**

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The Director, Affordable Housing Office, recommends that:

1. City Council authorize the Director, Affordable Housing Office, to submit a request to the Ministry of Housing for funding in the amount of \$6,000,000 from the 2017-2018 allocation of the Social Infrastructure Fund/Investment in Affordable Housing (SIF/IAH) Program.
2. City Council authorize the Director, Affordable Housing Office, to negotiate and enter into and execute the municipal capital facility agreement with the owner of the Mirvish Village Redevelopment or its successor corporation, to secure 60 affordable rental homes at or below 80 percent of average market rents for a minimum of 25 years, and any security, financing or other documents required, as well as any amendments thereto on terms and conditions acceptable to the Director, Affordable Housing Office, and the Deputy City Manager & Chief Financial Officer, in a form satisfactory to the City Solicitor.
3. City Council authorize the Director, Affordable Housing Office, to provide Open Door Program incentives to the 60 affordable rental housing units under at the Mirvish Village Redevelopment and work with the General Manager, Shelter Support and Housing Administration, on securing Housing Benefits, subject to available funding.
4. City Council exempt the 60 new affordable homes at the Mirvish Village Redevelopment from taxation for municipal and school purposes for the 25-year term of the municipal capital facility agreement.

5. 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; and.
6. City Council authorize staff to cancel or refund any taxes paid from the by-law exempting the property from taxation.

## **FINANCIAL IMPACT**

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As outlined in the table below, capital contributions and City incentives will make rents more affordable. Funding of \$4,000,000 will be secured through a Section 37 Agreement with Westbank. In addition, federal-provincial funding of \$6,000,000 through the City's 2017/2018 allocation from the Social Infrastructure Fund/ Investment in Affordable Housing Program will ensure a deeper level of affordability at 80% of CMHC Average Market Rent. City incentives include relief from development charges, planning and buildings fees and property taxes for 25 years.

Ten per cent of the project's affordable units shall be made available to households receiving housing benefits referred from the City's Housing Access System.

A list of incentives and contributions is summarized below:

<b>Mirvish Village Redevelopment</b>		
<b>Affordable Rental Homes</b>	<b>Value of Contribution (Per Unit)</b>	<b>Total Support (60 Units)</b>
Section 37 Contribution from Westbank	\$66,666.67	\$4,000,000.00
2017/18 - Social Infrastructure Fund/ Investment in Affordable Housing Program	\$100,000.00	\$6,000,000.00
*City Incentives (Development Charges, Planning and Building Fees, Tax Exemption)	\$35,703.47	\$2,142,208.27
<b>Total:</b>	<b>\$202,370.14</b>	<b>\$12,142,208.27</b>

\*City incentives are estimates

In keeping with City policy to achieve affordable rents, this report also recommends City Council exempt 60 affordable rental housing units at the Mirvish Village Redevelopment from property taxes for 25 years.

The value of the annual property tax exemption is estimated at \$44,482 at current 2017 rates. The net present value over the 25 year-term is estimated at \$774,572 as summarized below:

Property Tax	Annual	NPV- 25 Years
City	\$32,290	\$562,266
Education	\$12,034	\$209,550
City Building	\$158	\$2,756
<b>Total:</b>	<b>\$44,482</b>	<b>\$774,572</b>

A tax exemption would have no net present impact to the City for the educational portion of taxes remitted to the Province.

The Deputy City Manager and 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 Housing Opportunities Toronto Action Plan 2010-2020. The Mirvish Village Redevelopment, located in a vibrant, transit-rich neighbourhood, will allow residents to live close to retail outlets, amenities, and education and recreation facilities. The location and accessibility increases the importance of securing new affordable housing at this location.

Providing a comprehensive funding and incentive package to deliver 60 affordable rental homes in Part One of the Mirvish Village Redevelopment and developing a City of Toronto approved access plan will assist in making affordable housing more accessible to lower-income residents. This will improve their economic and social well-being.

## **DECISION HISTORY**

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At its meeting of April 26, 2017, City Council adopted TE23.6 "Honest Ed's and Mirvish Village 571 to 597 Bloor Street West, 738 to 782 Bathurst Street, 26 to 38 Lennox Street, 581 to 603 and 588 to 612 Markham Street - Official Plan Amendment, Zoning By-law Amendment Applications - Final Report" where Council approved the applications to amend Zoning By-laws 438- 86 and 569-2013 and the Official Plan.

A supplementary report contained Draft Zoning By-law amendments as well as additional information regarding the proposed provision of affordable rental housing and community and cultural space within the development.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.TE23.6>

## COMMENTS

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The Mirvish Village Redevelopment is a unique city-building opportunity for Toronto. The development scale and location of this site, at the intersection of Bathurst and Bloor Street west, highlight the importance of incorporating affordable rental homes and creating a complete community. Westbank has been engaged with City staff on the delivery of affordable rental housing.

### **Business Plan Review**

A detailed business plan was provided to the City for the affordable housing component, consistent with Open Door application process.

Westbank provided evidence of its relevant experience in developing, financing and managing affordable housing in past projects and has also demonstrated its corporate financial viability to complete the project as well as an understanding of the City's planning principles. Open Door incentives were requested along with property tax waivers on the 60 affordable homes. The submission has been reviewed and deemed satisfactory to both the Director, Affordable Housing Office, and Deputy City Manager & Chief Financial Officer.

### **Part One of the Affordable Housing Plan: 60 affordable rental homes**

As directed by Council, the Affordable Housing Office and City Legal have been working with Westbank and its solicitor over the terms and conditions of the Contribution Agreement governing the delivery of 60 homes under Part One of the Affordable Housing Plan.

Westbank will provide and maintain 60 homes for low-income families and individuals including seniors, of which nine units will be accessible.

<b>Unit Type</b>	<b># of Units</b>	<b>Min Size (m2)</b>
Bachelor/ Studio	21	39.5
1 Bedroom	21	48.8
2 Bedroom	15	67.4
3 Bedroom	3	85.9

Ten per cent of the project's affordable units shall be made available to households receiving housing benefits referred from the City's Housing Access System.

Based on current 2017 levels, rents set at 80% would be \$770 for a bachelor, \$910 for a one-bedroom, \$1,073 for a two-bedroom and \$1,235 for a three-bedroom for 25 years and adjusted annually based on Canada Mortgage and Housing Corporation ("CMHC") average market rents. Rents at this level are affordable for households with an annual income between approximately \$37,000-\$59,000.

Construction is anticipated to commence in Q3 of 2017 with staged occupancy taking place in 2020. All affordable rental homes will be integrated within the proposed buildings and have comparable finishes to market units. Other than being affordable, these units are not intended to differ in location and quality from the market rental suites.

### **Non Profit Housing Sector Involvement**

The Affordable Housing Office and Westbank are exploring opportunities for the involvement of the non-profit housing sector, which brings expertise and added value in providing supports to residents. Models for participation include, but are not limited to, referral agreements for select units or head lease arrangements.

### **Memorandum of Understanding for Part Two of Affordable Housing Plan**

Council has directed the Director, Affordable Housing Office, to negotiate, enter into, and execute with Westbank a Memorandum of Understanding by June 30, 2017 which will set out the range of options and funding opportunities to be pursued by the parties to develop Part Two of the Affordable Housing Plan to achieve a target of 20% of the total dwelling units as affordable rental housing. Discussions are underway with Westbank regarding a Memorandum of Understanding.

This report recommends Council approve a comprehensive funding and incentive package to deliver 60 affordable rental homes under Part One of the Affordable Housing Plan at the Mirvish Village Redevelopment and provides details on implementation.

The funding and incentives proposed will allow the City to deepen affordability levels to 80% CMHC Average Market Rent by incorporating federal/ provincial funding, Open Door Program incentives including development charges and fee waivers, a 25-year property tax exemption, and a \$4,000,000 Section 37 contribution from Westbank.

The comprehensive funding and incentive package will be subject to the terms and conditions of a Contribution Agreement.

Pursuant to Council directive, Part Two of the Affordable Housing Plan will be reported to the Affordable Housing Committee by the second quarter of 2018.

City Planning, Shelter, Support and Housing Administration, Corporate Finance, Financial Planning, and City Legal have been consulted in the preparation of this report.

## **CONTACT**

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## **SIGNATURE**

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