

Affordable Rental and Ownership Housing Opportunities in Thistletown - 51 Panorama Court

Date: January 10, 2018
To: Executive Committee
From: Director, Affordable Housing Office
Wards: Ward 1 - Etobicoke North

SUMMARY

This report recommends that City Council approve proceeding with Phase Two of the Provincial Affordable Housing Lands Program (PAHLP), which will provide up to 160 new affordable rental and up to 80 affordable ownership homes on the Thistletown site to be delivered by non-profit organizations.

The Ontario Government, as part of its Fair Housing Plan, has established a program to leverage provincial land assets to develop a mix of market housing and new, permanent, sustainable and affordable housing across the province. City Council on October 4, 2017 pre-approved Open Door incentives for affordable rental homes in the first phase of the PAHLP in the West Don Lands and 27 Grosvenor/26 Grenville Streets.

The second phase of the PAHLP includes approximately 11 hectares of developable land, in a 19 hectares parcel, on the former Thistletown Regional Center lands at 51 Panorama Court in in the Finch-Kipling area. Infrastructure Ontario on behalf of the Ministry of Housing and Ministry of Infrastructure, through a broker-led process, has issued an offering of this site to private and not-for-profit organizations to develop approximately 800 market and affordable homes for Torontonians. Up to 70% of residential units are planned as market rental and/or ownership housing. A minimum of 20% of these homes are required to be provided as affordable rental and a minimum of 10% as affordable ownership.

In proceeding with the PAHLP, the Province and the City of Toronto have agreed that there is an interest in approving the financial incentives associated with the affordable components of the Thistletown project. This would also provide certainty for applicants during the provincial land offering. As a result, this report recommends the City pre-approve the Open Door Program's financial incentives to support the construction and operation of the new affordable rental and ownership housing. It also recommends that City staff report to the Affordable Housing Committee in 2019 to provide an update on both phases of the PAHLP.

The Open Door Program is a five-year initiative approved by City Council in July 2016. The program is designed to complement federal/provincial affordable housing initiatives and 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 by 2020.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council approve the allocation of up to \$2.00 million from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for up to 80 down payment assistance loans of \$25,000.00 to eligible purchasers of housing to be developed on the property currently known as 51 Panorama Court, under the terms of the City's Home Ownership Assistance Program.
2. City Council authorize the following exemptions for the affordable rental housing to be constructed at 51 Panorama Court that provides additional affordable housing benefits beyond the requirements of Official Plan Policy 3.2.1.9:
 - a) exemption from the payment of development charges, building, planning and parkland dedication fees and charges; and
 - b) an exemption from taxation for municipal and school purposes, for the period of affordability as described in the chart in the Financial Impact section of this Report.
3. City Council authorize City staff to cancel or refund any taxes paid after the effective date of the municipal capital facility agreement.
4. City Council authorize the Director, Affordable Housing Office, to negotiate and enter into, on behalf of the City, agreements, and any security, financing or other documents required with the developers chosen for the development of the affordable housing at 51 Panorama Court, Toronto, to secure the financial assistance being provided through the Open Door Program, setting out the terms of the operation of the new affordable rental housing and the delivery of the affordable ownership housing on terms and conditions satisfactory to the Director, Affordable Housing Office, in consultation with the Deputy City Manager, Interim Chief Financial Officer and General Manager, Shelter, Support and Housing Administration, and in a form approved by the City Solicitor.
5. City Council authorize the Director, Affordable Housing Office, to execute, on behalf of the City, the affordable housing agreements, any security or financing documents or any other documents required to facilitate the funding process, including any documents required by the developers, or their related corporations to complete construction and conventional financing, where required.
6. 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.

7. City Council request that Infrastructure Ontario, in consultation with City Planning, the Affordable Housing Office and the Councillor for Ward 1, host a community information meeting to provide an update on the development of 51 Panorama Court as part of the Provincial Affordable Housing Lands Program.

8. City Council request the Director, Affordable Housing Office to report to the Affordable Housing Committee in 2019 on the results of both phases of the Provincial Affordable Housing Lands Program in Toronto.

FINANCIAL IMPACT

This report recommends that City Council as part of the Open Door Program allocate funding and financial incentives to support the creation of up to 160 affordable rental and up to 80 affordable ownership homes at 51 Panorama Court, Toronto.

The estimated City incentives below for the 160 rental homes and the funding for 80 affordable ownership homes are within the approved five-year Open Door Program investment plan.

This report is based on best available data at this time. Total number of homes will be determined based on the results of the broker-led process, selection of successful proponents, and the results of the planning approval process. The Affordable Housing Office will report to Council in 2019 to provide an update on both phases of the PAHLP with an updated number of affordable homes and the corresponding funding and incentive details.

Rental Housing Component

Based on the City's 2017 fees, charges and tax relief estimates, this report proposes investments of approximately \$7.5 million in City incentives for up to 160 affordable rental homes as summarized below.

The financial incentives include relief from development charges, building permit, planning and parkland dedication fees as well as municipal property taxes. The estimated contribution of \$7.5 million is not a direct capital payment as it represents the forgiveness of City levies and is thus foregone revenue to the City.

Site	Affordable Rental Homes	Affordability Period	Fees and Charges	Net Present Value of Property Taxes	Total Value of incentives
51 Panorama Court	160	40	\$4,325,920	\$3,207,943	\$7,533,863

The value of the annual property tax exemption is estimated at \$138,783 at current 2017 rates. The net present value over the 40 year-term is estimated at \$3.2 million, captured under the City Incentives in the table above and summarized in greater detail below:

Property Tax	Annual	NPV- 40 Years
City	\$ 100,743	\$ 2,328,661
Education	\$ 37,546	\$ 867,867
City Building	\$ 494	\$ 11,415
Total:	\$ 138,783	\$ 3,207,943

Ownership Housing Component

This report also proposes City funding for the affordable ownership component to be provided under the terms of the City's Home Ownership Assistance Program (HOAP). It is recommended that \$25,000 for each home be provided from the HOAP for a total of up to \$2.00 million. The HOAP is funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116) and funds are provided as down-payment assistance loans for eligible lower-income purchasers.

Site	Affordable Ownership Homes	Value of Loan Per Unit	Total Funding
51 Panorama Court	80	\$25,000	\$2,000,000

Both rental and ownership components are to be delivered by non-profit housing organizations and the recommendations in this report represent the full extent of the City's financial responsibility to the non-profit housing providers.

The Acting 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.

The new affordable homes realized through this opportunity provide a mix of housing opportunities for low- and moderate-income households, including seniors and families.

DECISION HISTORY

City Council on August 5 and 6, 2009 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.

<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).

<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 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.

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

City Council on October 2-4, 2017 adopted EX27.15 which pre-approved \$27,869,544 in financial incentives to create 600 affordable rental homes at the West Don Lands and 27 Grosvenor/26 Grenville sites.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX27.15>

COMMENTS

City Council adopted the Open Door Program to support the creation of affordable rental and ownership homes for low and moderate income residents. At the same time, City Council urged the federal and provincial governments to contribute surplus land to support the construction of affordable housing.

In April 2017, the Ontario Government, as part of its Fair Housing Plan, announced that it would establish a program to leverage provincial land assets to build more affordable housing in Toronto and across the province. The PAHLP includes the West Don Lands and 27 Grosvenor/26 Grenville Streets in Phase One and the Thistletown site (51 Panorama court) in Phase Two.

The Phase Two of PAHLP is a unique opportunity to leverage provincial real estate land value in exchange for the development and delivery of affordable rental and ownership housing amidst other development opportunities. This will be accomplished through a process of sales with reduced land values. The offering process commenced on December 7, 2017.

As the lands are currently in the offering process, there is an interest by the City and the Province to pre-plan the inclusion of affordable housing as a component of the offering process. The pre-determined Open Door eligibility provides certainty for applicants and ensures that affordable housing is guaranteed to be included by successful proponents.

The PAHLP has been informed through a staff working group process involving staff from Infrastructure Ontario, the Ministry of Housing, the Ministry of Infrastructure and City staff from the City Manager's Office, Affordable Housing Office, City Planning, and Shelter, Support and Housing Administration.

Proposal Summary

The Thistleton site is an environmentally significant area within the Natural Heritage System. The site is TRCA regulated and subject to Ravine By-laws. It also includes a listed heritage building and cultural landscape. The total site area is approximately 19 hectares including approximately eight hectares to be conveyed to TRCA and approximately 11 hectares for development (including the provision of public roads). The site is subject to the Official Plan's Large Site Housing Policy (Policy 3.2.1.9).

Rental Housing Component

The City's Large Site Housing Policy requires selected proponents to include at least 20% affordable housing which is to remain affordable for 20 years. To meet this requirement, the proposal requires creation of up to 160 affordable rental homes (minimum 20% of the proposed residential units) as affordable rental housing in this site. The Provincial proposal is over and above the Large Site Policy requirements as it requires providing the rental units at 80% of AMR and setting the affordability period at a minimum of 40 years.

The rental component is to be owned and operated by not-for-profit affordable housing providers, focused on seniors and families. It is proposed that 45% of the affordable rental units will be one-bedroom, 45% of the units will be two-bedroom, and 10% will be three-bedroom homes. Minimum 10% of the affordable rental units are required to be accessible.

The program calls for the affordable homes (across all bedroom types) to be rented at no more than 80% of City wide average market rent (AMR), with no single units renting for over 100% AMR. The affordable rents will be updated to the year the development opens.

In new developments where utilities are metered separately for each unit and residents are required to pay the utility costs directly, the maximum monthly rents are set at 80% AMR, less an allowance for each separately metered utility. These utility allowances are

determined and updated annually by the City. The 2018 average market rents per unit type and utility allowances are included in Attachment 1. Rent affordability by income band is also available in Attachment 2.

The non-profit proponents are to submit a Tenant Access Plan to the City's Director of Housing Stability Services for approval. Opportunities to deepen affordability levels through rent supplements and/or housing allowances for eligible households are to be included in the Tenant Access Plan.

Ownership Housing Component

In addition to meeting the Large Site Housing Policy requirements through the affordable rental housing component, the proposal also includes a requirement to construct up to 80 affordable ownership homes delivered by non-profit organizations.

To deliver the affordable ownership homes, it is proposed that up to 80 down-payment assistance loans be provided to eligible purchasers using funding from the City's HOAP. The funding will assist in providing the homes at more affordable prices to eligible lower-income families and individuals.

Each home will have the funding secured by a "silent" no-payment mortgage and the loan will be paid back to the City with a share of any capital appreciation, when the home is resold or refinanced.

Staff from City Planning and the Affordable Housing Office have met and discussed the provincial land offering with the local Councillor for Ward 1. Although City Planning will conduct required community consultations through the planning approval process, the Councillor for Ward 1 and City staff wish to encourage Infrastructure Ontario to engage with the community at the earliest possible time.

This report therefore recommends that Infrastructure Ontario, in consultation with City Planning, the Affordable Housing Office and the Councillor for Ward 1, host a community information meeting to provide an update on the development of 51 Panorama Court as part of the PAHLP.

The Province will also require the new development to meet the Toronto Green Standard and qualify for LEED certification.

Planning Approvals

The Thistletown site is designated Institutional Areas and Natural Areas in the City's Official Plan. The lands are also zoned Institutional. The redevelopment of the lands will require a number of planning applications including Official Plan and Zoning By-law Amendment, Plan of Subdivision (to create public roads) and Site Plan Control.

In the event that the final planning approvals for the development exceed 800 residential units, City staff will report to the Executive Committee on mechanisms to achieve the additional affordable units to maintain the 20% requirement.

City staff have developed a set of guiding principles as they relate to servicing, urban forestry, road widening, heritage planning, and urban design on this site. These guiding principles include:

1. The total site area is approximately 19 hectares (47 acres).
2. Approximately eight hectares (19 acres) of land is to be conveyed to TRCA.
3. Approximately 11 hectares (28 acres) of the site is developable (including the provision of public roads) once land is conveyed to TRCA.
4. The Cultural Heritage Values of the property (i.e. heritage building, landscape attributes, views, etc.) shall be conserved in accordance with the Planning Act, the Provincial Policy Statement and the City of Toronto Official Plan. Conservation strategies will be determined through the planning and development review process. As part of this process, the submission of a Heritage Impact Assessment (HIA) will be required to the satisfaction of the City of Toronto.
5. The City of Toronto encourages the adaptive reuse of the main building on the site in accordance with all relevant policies, and an interpretation program that highlights the significance of the site.
6. A minimum of 20% of the units are to be affordable housing as per policy 3.2.1.9 of the City of Toronto Official Plan. This requirement will be satisfied through meeting the objectives of the Provincial Affordable Housing Lands Program for this site which is eligible for support through the City's Open Door Program for affordable housing. Section 37 community benefits will be at the discretion of the City of Toronto, in consultation with the local Councillor and form part of the discussions with the applicant.
7. The redevelopment of the site should allow for maximum frontage onto the existing Panorama Park; and build upon and improve connections (i.e. pedestrian, vehicle, etc.) through the site and to the surrounding community.
8. The City of Toronto will work with the new owner of the property through the planning and development review process to secure the following items to be compliant with City standards and to the City's satisfaction:
 - a. The size and location of a storm water management pond and/or alternatives measures, if required and deemed appropriate;
 - b. The implementation of a public road network;
 - c. Servicing upgrades, if required;
 - d. On-site parkland dedication; and,
 - e. The ultimate built form including parking requirements. (Note: There is potential for greater density and buildings heights to the north and east of the heritage building and along Finch Avenue West in the form of mid-rise development as well as a general desire for six-storey wood-construction where economically feasible).

In the development of the Thistletown site, the Province will continue to work with the City, in consultation with the local community, to deliver on a range of public policy expectations, community services and facilities as envisioned in the applicable policies and by-laws.

Timing of construction will be determined based on the timing of planning applications submitted to the City and the review and approval processes. As a result of eligibility for the Open Door Program, City staff would also look to expedite the approval processes to enable an early construction start.

The Proposed Land Transaction

The transaction structure for the Thistletown site is a land sale to successful proponents selected through the broker-led offering process. The Province will leverage the land value of the site through a below market land sale to assist in the construction cost of up to 160 affordable homes and up to 80 ownership homes.

This report was prepared in consultation with City Planning, Shelter, Support and Housing Administration, Corporate Finance, Financial Planning, and City Legal staff.

CONTACT

Mercedeh Madani
Policy Development Officer
Affordable Housing Office
Phone: 416-397-4252
Email: mmadani@toronto.ca

SIGNATURE

Sean Gadon
Director
Affordable Housing Office

ATTACHMENTS

Attachment 1 - 2018 Average Market Rents and Utility Allowances Per Unit Type
Attachment 2 - Toronto Rents and Affordability by Income Band

ATTACHMENT 1 - 2018 AVERAGE MARKET RENTS AND UTILITY ALLOWANCES PER UNIT TYPE

Units	100% AMR	80% AMR	2018 Affordable Housing Utility Allowances*			
			Hydro	Heat	Water	Hot Water
Bachelor	\$1,019	\$815	\$34	\$24	\$10	\$17
1-bedroom	\$1,202	\$962	\$34	\$24	\$10	\$17
2-bedroom	\$1,426	\$1,141	\$48	\$28	\$19	\$24
3+bedroom	\$1,610	\$1,288	\$56-\$59	\$29	\$22-\$25	\$30-\$37

Source: CMHC Rental Market Report Fall 2017

* Note: This schedule will be updated annually and posted on the City's website.

ATTACHMENT 2 - TORONTO RENTS AND AFFORDABILITY BY INCOME BAND

