

Phase Two Affordable Rental Homes at the Mirvish Village Redevelopment

Date: January 10, 2018
To: Executive Committee
From: Director, Affordable Housing Office
Wards: Ward 19 - Trinity-Spadina

SUMMARY

At its meeting of July 4, 5, 6 and 7, 2017, City Council adopted the report "Creating New Affordable Rental Housing at the Mirvish Village Redevelopment" and authorized the Director, Affordable Housing Office to enter into agreements to secure 60 units of affordable rental housing using a combination of federal-provincial funding from the Social Infrastructure Fund/ Investment in Affordable Housing (SIF/IAH) Program, City incentives including relief from planning fees, development charges and municipal taxes, and a Section 37 contribution by the developer, Westbank.

This report recommends City Council approve financial incentives under the Open Door Program to deliver an additional 25 affordable rental homes at the Mirvish Village Redevelopment and provides details on implementation and an update to the affordable housing delivery plan. The Mirvish Village Redevelopment is a large mixed use redevelopment that achieves many local planning objectives, including the provision of affordable rental housing.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council authorize the Director, Affordable Housing Office, to negotiate and execute the municipal capital facility agreement with the owner of the Mirvish Village Redevelopment or its successor corporation, to secure the additional 25 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 setting out the terms of the operation of the new affordable rental housing and the delivery of the affordable housing on terms and conditions satisfactory to the Director, Affordable Housing Office and the Acting Chief Financial Officer, in consultation with the General Manager, Shelter, Support and Housing Administration, and in a form approved by the City Solicitor.

2. City Council authorize the Director, Affordable Housing Office to provide Open Door Program incentives including the relief from the payment of development charges, building, planning and parkland dedication fees and charges to the 25 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.
3. City Council exempt the 25 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.
4. 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.
5. City Council authorize staff to cancel or refund any taxes paid from the by-law exempting the property from taxation.

FINANCIAL IMPACT

As outlined in the table below, capital contributions and City incentives will make rents in the Mirvish redevelopment more affordable. Approved federal-provincial funding of \$3,750,000 through the City's 2017/2018 allocation from the Investment in Affordable Housing Extension ("IAH-E") Program will be used to ensure affordability at 80% of City wide average market rent (AMR). CMHC Average Market Rent. City incentives including relief from development charges, planning and building fees, and property taxes for 25 years will further ensure the viability of these units.

A list of estimated City incentives and contributions is summarized below:

Mirvish Village Redevelopment		
Affordable Rental Homes	Value of Contribution (Per Unit)	Total Support (25 Units)
2017/18 – Federal-Provincial Investment in Affordable Housing Program*	\$150,000	\$3,750,000
City Incentives** (Development Charges, Planning and Building Fees, Tax Exemption)	\$ 34,418	\$ 860,450
Total	\$184,418	\$4,610,450

* IAH-E Funding has already been approved through Council directed delegated authority.

**City incentives are estimates.

In keeping with City policy to achieve affordable rents, this report also recommends City Council exempt 25 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 \$19,421 at current 2017 rates. The net present value over the 25 year-term is estimated at \$338,185 as summarized below:

Property Tax	Annual	NPV- 25 Years
City	\$ 14,098	\$ 245,491
Education	\$ 5,254	\$ 91,491
City Building	\$ 69	\$ 1,203
Total	\$ 19,421	\$ 338,185

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

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 Housing Opportunities Toronto Action Plan 2010-2020 and supports the City's Poverty Reduction Strategy. The Mirvish Village redevelopment, located in a vibrant, transit-supported community, provides significant new rental housing opportunities, new retail space, a public park, and other amenities in proximity to City education and recreation facilities. The location and accessibility increases the importance of securing new affordable housing at this location.

Providing city incentives to deliver an additional 25 affordable rental homes in addition to the 60 already secured will assist in making affordable housing more accessible to lower-income residents.

DECISION HISTORY

At its meeting of July 4, 5, 6 and 7, 2017, City Council adopted EX.26.16 "Creating New Affordable Rental Housing at the Mirvish Village Redevelopment" where Council approved the use of federal/ provincial housing funding and City Incentives to secure 60 affordable rental homes at the Mirvish Village Redevelopment.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX26.16>

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

The Mirvish Village Redevelopment, currently under construction, is a unique city-building opportunity at the southwest corner of Bathurst Street and Bloor Street West. The developer of the site, Westbank, is creating over 800 units of purpose-built rental, along with new non-residential spaces, including a large public market, and a new public park space.

Part One of the Affordable Housing Plan secures the provision of 60 affordable rental homes with a mix of unit types for low-income families and individuals including seniors. The City is continuing to work with Westbank toward the provision of additional affordable rental units within the redevelopment.

Phase Two of the Affordable Rental Housing Commitment

On June 30, 2017, the City and Westbank executed a Memorandum of Understanding to work together in an effort to achieve the target of having up to 20% of the dwelling units approved by City Council on the Mirvish Village Redevelopment lands available as affordable rental housing.

With the addition of 25 units to the currently secured 60, the City will have achieved 85 units and over 10% affordable units within the development project. The 25 units detailed in this report will be comprised entirely of one-bedroom suites.

These additional units will be funded through the federal/provincial Investment in Affordable Housing Extension program along with City incentives.

The rents of these 25 one-bedroom units will be set at 80% of the average market rent, and remain affordable for a period of 25 years, inclusive of a five-year phase out period.

Based on current 2018 levels, rents set at 80% would be \$962 for a one-bedroom, for 25 years and adjusted annually by the City based on Canada Mortgage and Housing Corporation ("CMHC") average market rents. Rents at this level for a one bedroom are affordable for households with an annual income of approximately \$43,000.

These additional units fall under Phase Two of the Affordable Housing Plan intended to achieve up to 20% of the total dwelling units approved at the Mirvish Village site as affordable rental housing.

The City is currently working with Westbank and the non-profit housing sector on partnership opportunities and tenancing strategies for the affordable units.

The City has amended the existing Contribution Agreement for the Part One units to include the additional units and executed the agreement at the end of 2017 in order to meet the guidelines of the federal-provincial Investment in Affordable Housing-Extension program.

Westbank will submit a Tenant Access Plan to the City's Director of Housing Stability Services for approval. Provisions to ensure that 10% of the affordable units will be available to households in receipt of a housing benefit and referred from the City's Housing Access System will be included in the Tenant Access Plan.

CONCLUSION

The Mirvish Village Redevelopment, currently under construction, is a unique city-building opportunity at the southwest corner of Bathurst Street and Bloor Street West. The developer of the site, Westbank, is creating over 800 units of purpose-built rental, along with new non-residential spaces, including a large public market, and a new public park space.

This report recommends that Council approve City incentives to deliver an additional 25 affordable rental homes under Phase Two of the Affordable Housing Plan at the Mirvish Village redevelopment. The approval of this report will increase the number of affordable rental homes in the Mirvish Village redevelopment to 85.

This report has been written in consultation with the City Planning Division.

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SIGNATURE

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