

Creating New Affordable Rental Homes at John Street & King Street in the Weston Community/Cultural Hub

Date: April 30, 2018
To: Executive Committee
From: Director, Affordable Housing Office
Wards: Ward 11 York South-Weston

SUMMARY

This report recommends that City Council approve Open Door incentives and relief from property taxes for a period of 25 years for an additional 47 new affordable rental homes at the Weston Community Hub in Ward 11 York South-Weston.

In December 2015, City Council approved the funding model and directed the Director, Affordable Housing Office, to implement actions to secure 32 rental units, including 26 live/work units for artists at the Weston Community Hub, as part of the revitalization of the Weston/Mount Dennis community near Weston Road and Lawrence Avenue West.

In early 2018, with available Federal/ Provincial Investment in Affordable Housing Program funding, the Affordable Housing Office successfully negotiated an additional 47 units of affordable housing in 33 King Street and 22 John Street for a 25-year term. The value of the Open Door incentives for an additional 47 units is estimated at \$644,927. The Net Present Value (NPV) of the requested property tax exemptions for the 25-year term is estimated at \$658,499.

Together, this investment at the Weston Community Hub will provide 79 new affordable rental homes and contribute to the revitalization of the Weston/ Mount Dennis community.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council authorize that the developments at 33 King Street and 22 John Street be exempt from the payment of development charges, planning and parkland dedication fees and building permit fees consistent with the City's Open Door Program.

2. City Council exempt the 26 new affordable housing units at 33 King Street from taxation for municipal and school purposes for the term of 25 years, which tax exemption is to be effective from the date the tax exemption by-law is enacted.
3. City Council exempt the 21 new affordable housing units at 22 John Street from taxation for municipal and school purposes for the term of 25 years, which tax exemption is to be effective from the date the tax exemption by-law is enacted.
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 City staff to cancel or refund any taxes paid from the bylaw exempting the property from taxation.

FINANCIAL IMPACT

Consistent with City policy, the 47 new homes to be developed at 33 King Street and 22 John Street qualify for Open Door incentives including relief from development charges and City Planning and Toronto Building fees. \$7,000,000 in Federal/Provincial Investment in Affordable Housing Program funding has already been approved for these units.

The City fees associated with the 22 John Street project have already been paid as construction is well underway. However, as the 33 King Street units have yet to begin, they are eligible for exemption from City fees estimated at \$644,927.

In keeping with City policy to increase affordability, this report also recommends that City Council exempt 26 affordable rental housing units at 33 King Street and 21 affordable rental units at 22 John from property taxes for 25 years.

The value of the annual property tax exemption is estimated at \$37,817 at 2018 rates. The Net Present Value over the 25-year term is estimated at \$658,499 as summarized below:

33 King Street- 26 Units		
Property Tax	Annual	NPV: 25 Years
City	\$14,750	\$256,833
Education	\$5,413	\$94,253
City Building	\$72	\$1,258
Total:	\$20,235	\$352,344

22 John Street- 21 Units		
Property Tax	Annual	NPV: 25 Years
City	\$12,816	\$223,165
Education	\$4,703	\$81,898
City Building	\$63	\$1,093
Total:	\$17,582	\$306,155

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

Lack of access to safe, secure, affordable housing in complete communities is a barrier to lower-income Toronto residents. The new affordable homes realized through this opportunity provide a mix of housing opportunities for low-and-moderate-income, including singles, couples, families and seniors.

This initiative will also contribute toward achieving the City's Housing Opportunities Toronto 10 year targets for new affordable rental homes and supports the City's Poverty Reduction Strategy.

DECISION HISTORY

City Council at its meeting December 9, 2015 adopted EX10.6 "*The Weston Community /Cultural Hub - Final Funding Report*", authorizing the final funding model to support the Weston Community Hub initiative.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.6>

Etobicoke and York Community Council (EYCC) at its meeting November 10, 2015, adopted City Planning's *Final Report and Supplementary Report – 22 John Street, 33 King Street and 2 Elsmere Avenue (the Weston Community Cultural Hub) – Official Plan Amendment and Zoning By-law Amendment Application* (EY10.1), recommending approval of the Official Plan and Zoning By-law amendments for the site. EYCC also recommended that the owner enter into a Section 37 Agreement (or agreements, if required) under the Planning Act, to be registered on title to the lands at 22 John Street, 33 King Street and 2 Elsmere Avenue. Community benefits in that agreement will include the provision, construction and maintenance of the Community/Cultural Hub; 26 affordable artist live/work rental homes; a publicly accessible Artist's Courtyard and an Enhanced Weston Farmers Market outdoor area. The owner of 33 King Street will also be required to maintain 432 dwelling units in the existing rental building as rental housing for a period of at least 20 years. This report will be considered by City Council at its meeting December 9, 2015.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EY10.1>

Etobicoke York Community Council at its meeting on September 8, 2015 approved City Planning's *Preliminary Report – 22 John Street, 33 King Street and 2 Elsmere Avenue (the Weston Community Cultural Hub) – Official Plan Amendment and Zoning By-law Amendment Application* (EY8.11), directing staff to schedule a community consultation meeting with the Ward Councillor and that notice be given for a Public Meeting under the *Planning Act*.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EY8.11>

City Council at its meeting on May 5, 2015 adopted the Chief Corporate Officer's report *Expropriation of 14 John Street* (GM3.22), authorizing the expropriation of 14 John Street under *The Expropriations Act* for the purpose of creating a new Toronto Parking Authority lot closer to Weston Road. The report authorized the steps to be taken by the Director, Real Estate Services, to proceed with the expropriation. The report also authorized the public release of the confidential information contained in the report once there has been a final determination of the compensation payable for the property by arbitration, appeal or settlement to the satisfaction of the City Solicitor.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM3.22>

COMMENTS

The Weston Community Hub is a large scale revitalization initiative that consists of a new 370-unit market rental apartment building and seven market rental townhouses at 22 John Street; an enhanced Farmers Market outdoor area; a publicly-accessible Artist's Courtyard between 33 King Street and 22 John Street and a new Toronto Parking Authority (TPA) surface lot at City-expropriated 14 John Street, and a portion of City-owned property on Elsmere Avenue, all of which will be developed by the Rockport Group.

The Rockport Group, through its company 22 John Street Developments Inc., is also renovating ground floor space in the existing rental apartment building at 33 King Street and creating 26 new affordable artist live-work rental units and a community/cultural hub which will be leased to Toronto Artscape Inc.

In 2016, the City entered into Contribution Agreements to provide Federal/ Provincial and City funding to support the 26 affordable housing units in 33 King Street and six units at 22 John Street. These units are anticipated to achieve initial occupancy at the end of 2018.

Increasing Affordable Housing at the Weston Community Hub

In early 2018, an opportunity to utilize additional Federal/Provincial Investment in Affordable Housing Program funding became available and the City's Affordable Housing Office worked with The Rockport Group and the joint partner of 33 King Street (2295477 Ontario Inc.), to negotiate the addition of 47 units of rental housing at the Weston Community Hub. As the project was already under construction, the City was able to enter into agreements in advance of the March 31, 2018 deadline set by the federal and provincial governments.

The rents for these 47 units, including 12 units designated for seniors, will be set at no more than 80% of the average market rent and remain affordable for a period of 25 years. The total federal/provincial contribution to these units is \$7,000,000.

In addition to designating 12 units for seniors, another 10% of the new affordable rental homes will be made available to residents receiving a housing allowance.

Approving the recommendations in this report will provide additional affordable homes at the Weston Hub. The City will monitor the development for the 25-year Contribution Agreement to ensure the obligations to operate the premises as affordable housing are met.

Conclusion

The Weston Community Hub is a unique initiative will serve as a catalyst for social, cultural, and economic renewal of the Weston community. Strategically located next to a new Metrolinx station and associated pedestrian bridge, the Weston Community/Cultural Hub is a multifaceted city-building project that will revitalize the Weston neighbourhood in one of Toronto's Neighbourhood Improvement Areas, by repurposing a former Toronto Parking Authority site and adjacent building. Affordable rental units produced through this project will be delivered by both the non-profit and private sectors.

This project represents an innovate approach to developing and delivering affordable rental housing and revitalizing neighbourhoods in collaboration all three levels of government and the private and non-profit sectors. It will assist in making affordable rental housing accessible to low-and-moderate-income residents and will also improve the City's economic and social well-being.

CONTACT

Valesa Faria, Manager, Affordable Housing Development
Affordable Housing Office
Phone: 416-392-0602
Email: valesa.faria@toronto.ca

Sumeet Ahluwalia, Housing Development Officer
Affordable Housing Office
Phone: 416-397-5183
Email: Sumeet.ahluwalia@toronto.ca

SIGNATURE

Sean Gadon
Director, Affordable Housing Office