



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Saving at Risk Affordable Housing Units - Tippet Road Regeneration Area - Supplemental Report for Action with Confidential Attachment

Date: October 22, 2019

To: Executive Committee

From: City Solicitor and the Executive Director, Corporate Finance

Wards: Ward 6 - York Centre

REASON FOR CONFIDENTIAL INFORMATION

This report contains advice or communications that are subject to solicitor-client privilege.

SUMMARY

On March 28, 2019, City Council enacted a Zoning By-law amendment to permit a 13-storey condominium building (340 units) and a 16-storey rental apartment building (176 units), for a total of 516 residential units, at 30 Tippet Road (South Lands). As part of the total residential units, there are 50 affordable rental units and 50 affordable ownership units proposed in the buildings.

EX 9.10 recommends that City Council authorize the execution of a development charge agreement between the City and the owner of 30 Tippet Road, to allow all of the development charges for the 30 Tippet Road project to be paid before such charges would otherwise be payable and at rates available prior to November 1, 2019, the date on which development charge rates are to increase. The report also contains a recommendation that City Council require the One Million Nine Hundred and Fifty Thousand Dollars (\$1,950,000.00) community benefit payment under Section 37 of the Planning Act be paid prior to the issuance of the first below grade building permit for the development, whereas both the registered Section 37 Agreement and the Zoning By-law amendment require the payment to be made prior to the issuance of the first above grade building permit.

This report has been written in consultation with the Executive Director, Housing Secretariat and the Chief Planner and Executive Director, City Planning

RECOMMENDATIONS

The City Solicitor and the Executive Director, Corporate Finance recommend that:

1. Confidential Attachment 1 to this report to remain confidential, at the discretion of the City Solicitor, as it contains information that is subject to solicitor-client privilege.

FINANCIAL IMPACT

EX 9.10 Saving at Risk Affordable Housing Units - Tippett Road Regeneration Area (Ward 6) would allow the owner (a commercial enterprise) to pay development charges for all units in the project prior to the scheduled increase in development charges that will occur on November 1, 2019, a difference of approximately \$5,000 for 1 bedroom and bachelor apartment units and \$8,000 for 2 bedroom and larger apartment units. There is also some non-residential floor area that is subject to development charges.

This benefit would result in the payment of development charges at lower rates for both the 417 "market" units that are not affordable units, and the non-residential space.

The 50 affordable ownership units are also subject to DCs, and if assessed at the pre-November 1st DC rates would account for an additional savings to the developer.

Under the City's Open Door program, there are no development charges payable for the 50 affordable rental units.

The total financial impact to the City would be approximately \$3,377,000 for the proposed arrangement, and it would potentially lead to further concessions for other developments subject to rate increases.

DECISION HISTORY

City Council at its meeting on May 11 and 12, 2010 adopted the report "Standardizing City Support for New Assisted Ownership Housing Opportunities" that provided details for the Home Ownership Assistance Program and provided \$2 million annually for down payment assistance loans to eligible homeowners.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX43.26>

City Council at its meeting on July 12, 13, 14 and 15, 2016 approved a program for 100 new affordable rental and ownership homes at 30 Tippett Road, including development charge exemptions for 50 affordable rental units and an allocation of up to \$1.25 million for up to 50 down payment assistance loans of \$25,000 to each eligible purchaser under the terms of the City's Home Ownership Assistance Program (affordable

ownership units), and revised the terms of the program so that the loans will no longer be forgivable after twenty years, but be repayable upon sale of the home.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.28>

City Council at its meeting on October 5, 6 and 7, 2016 adopted the final report on the Draft Plan of Subdivision Application for 30 Tippett Road that approved development charges credits for the Parks and Recreation component of the development charges payable in exchange for the design and construction of above base park improvements by the Owner, as approved by the General Manager of Parks Forestry and Recreation.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.NY16.39>

City Council at its meeting on April 24, 25, 26 and 27, 2018 adopted the City's Development Charges Bylaw No. 515-2018 that included transition provisions to implement rate increases over a two-year period with 50 percent of the increase implemented upon November 1, 2018, 80 percent on November 1, 2019 and the full rates coming into effect on November 1, 2020.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX33.3>

City Council at its meeting on July 23, 24, 25, 26, 27 and 30, 2018 adopted a Home Ownership Assistance Program Development Charges Deferral where the deferral is calculated based on the development charges rate in effect at the time of building permit issuance and paid upon the sale or refinancing of the unit. The deferral is converted by housing providers / developers into down payment assistance loans to make homes more affordable for eligible purchasers.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.36>

City Council at its meeting on February 26, 2019 adopted the recommendations in the Final Report (February 6, 2019) from the Director of Community Planning, North York District, approving a Zoning By-law amendment application amendment to permit a 13-storey condominium building (340 units) and a 16-storey rental apartment building (176 units), at 30 Tippett Road (South Lands). The City Council Decision and the Final Report can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.NY3.1>

City Council at its meeting on October 2 and 3, 2019, referred Item No. MM10.35, Saving at Risk Affordable Housing Units - Tippett Road Regeneration Area, to the Executive Committee. The City Council Decision and Member Motion MM10.35 can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM10.35>

COMMENTS

The lands at 30 Tippet Road are being developed in accordance with the City of Toronto's vision for the Tippet Road Regeneration Area. This includes the provision of 50 affordable purpose-built rental units and 50 affordable ownership units supported through a combination of City and federal/provincial affordable housing programs.

The total estimated government funding to the affordable ownership and rental housing units, respectively, was estimated at \$2.9 million and \$3.750 million at the time of Council approval in 2016, as shown below (see decision history for the Council reference).

30 Tippet Road Shiplake Properties / Build Toronto		
Affordable Ownership Homes	Value of Loan Per Unit	Total Support (50 Units)
City (XR2116)	\$25,000	\$1,250,000
Federal/Provincial (IAH)	\$33,000	\$1,650,000
	\$58,000	\$2,900,000
Affordable Rental Homes	Value of Contribution Per Unit	Total Support (50 Units)
City Incentives (approximate value)	\$35,000	\$1,750,000
City Funding (XR2116)	\$20,000	\$1,000,000
Build Toronto Contribution	\$20,000	\$1,000,000
	\$75,000	\$3,750,000

The 50 affordable purpose-built rental units are exempt from the payment of development charges under a municipal housing facility agreement.

The City has a program delivery agreement with the Province of Ontario under the federal/ provincial Investment in Affordable Housing Program (IAH), which includes a Homeownership Component that provides down-payment assistance loans worth 10 percent of the unit's value to eligible households. The City's Home Ownership Assistance Program (HOAP) provides \$25,000 per affordable unit to offset City development fees and charges. In conjunction with the IAH program, the funds are delivered as down-payment assistance loans to eligible households. Each unit will have HOAP and IAH loan funds 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.

The 50 affordable ownership units have all been sold, and mortgage approvals for all firm and binding agreements of purchase and sale were issued under a pricing model that reflects current (2018) development charge rates. As the affordable ownership units are subject to the scheduled development charge rate increase on November 1, 2019, the owner has advised that the price of these units will increase by the amount of the development charge rate increase and the increase is passed through to the purchasers through the terms of the purchase and sale agreement. The City is not privy

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to whether similar arrangements have been included in the purchase and sale agreements for the market units.

The purchasers of the affordable ownership units will have to pay the price increase, potentially through an increase of their first mortgage financing. Should the purchasers not be able to pay the cost increase, they may no longer be in a position to purchase the units.

The developer had an obligation to assist the City in delivering 50 affordable ownership loans, pursuant to an affordable ownership housing delivery agreement. However, under provincial program rules the federal/provincial IAH Homeownership Component loans are only available until the end of 2019. Should the purchasers of the affordable ownership units not be able to pay the price increase, and therefore cannot close on their unit, the residual City and federal/provincial funding will be redeployed by the Housing Secretariat.

EX 9.10 proposes that the City to enter into an agreement with the owner to allow the development charges for all 517 residential units in the 30 Tippet Road project to be paid prior to the November 1, 2019, development charge increase. The recommendation does not limit the pre-payment of development charges to only the 50 affordable ownership units, or to only those affordable ownership unit purchases deemed to be in jeopardy. The total impact of the rate increase on all 50 affordable ownership units is calculated to be approximately \$330,000.

Planning Staff Comments:

Decision History for Tippet Regeneration Area:

On December 16-18, 2013, City Council approved Official Plan Amendment No. 231, part of the City's 5-Year Official Plan Review and Municipal Comprehensive Review, which introduced Site and Area Specific Policy No. 387 (SASP 387) which designated the site and the surrounding lands Regeneration Areas from Employment Areas. SASP 387 stated that redevelopment should not occur until a Secondary Plan or Site and Area Specific Policy is in place that addresses streets, pedestrian connections, blocks, densities, and land use buffers to separate the area from Highway 401 and William R. Allen Road (Allen Road).

On December 9, 2015, City Council adopted Official Plan Amendment No. 309, the Tippet Road Area Regeneration Study. The study lands are generally bounded by Wilson Heights Boulevard, Wilson Avenue, Champlain Boulevard, Highway 401 and Allen Road.

The Tippet Road Area Regeneration Study was undertaken to develop a comprehensive planning framework to guide the redevelopment of the 12.6 hectares redesignated as Regeneration Areas and Mixed Use Areas through the adoption of OPA 231. Council also adopted a new Site and Area Specific Policy (No. 387) which introduced a framework to guide the Study Area. The result is a comprehensive policy framework to guide the redevelopment of the Study Area as a complete community.

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The framework provides for a fine grain network of streets, parks and open spaces. The framework also identifies pedestrian connections and provides for an appropriate mix of uses and built form typologies, a mix of housing including the provision of affordable housing and a multi-modal transportation strategy to support a vibrant mixed-use community.

The Council approved Tippet Road Area Regeneration Study can be found at the following link:

<http://www.toronto.ca/legdocs/mmis/2015/pg/bgrd/backgroundfile-85263.pdf>

A supplementary report addressing additional comments on the Tippet Road Area Regeneration Study was also approved by Council on December 9, 2015 and can be found at the following link:

<http://www.toronto.ca/legdocs/mmis/2015/cc/bgrd/backgroundfile-86494.pdf>

The Tippet Regeneration Area Study (OPA 309) was appealed to the Ontario Municipal Board/Local Planning Appeal Tribunal (LPAT Case No. PL160041) by a number of landowners. A pre-hearing was held on July 4, 2016. A second pre-hearing scheduled for October 25, 2016 was cancelled and rescheduled for June 20, 2017. At this June 20, 2017 prehearing, the nature and extent of the issues in dispute were generally identified and the parties are continuing to further scope the appeals and work towards a full or partial resolution. On June 18, 2019, one of the remaining appellants wrote to the Tribunal withdrawing their appeal. OPA 309 is now in force for all of the Tippet Regeneration Lands with the exception of the lands at 18 and 20 Champlain Boulevard.

At their meeting on September 12, 2016, North York Community Council recommended City Council approve the subdivision application for 30 Tippet Road (File No. 15 220939 NNY 10 SB). This subdivision application proposes the creation of two parcels of land that will be used to create a portion of an 18.5 metre public street running west from Tippet Road and a 1,554 square metre portion of a public park at 30 Tippet Road. The public street will be used to access future developments at 36 and 36R Tippet Road, and 30 Tippet Road (South Lands) as well as the development at 4 and 6 Tippet Road. The parcel of land proposed to be conveyed to the City as part of the 30 Tippet Road subdivision that will form part of the public park will be combined with a 1,030 square metre portion of land from the development proposal at 4 and 6 Tippet Road to complete the park block. The public park will serve as a public amenity to support new development in the area in accordance with the Tippet Road Area Regeneration Study and OPA 309.

City Council on July 12, 2016 adopted recommendations from a report prepared by the Director of the Affordable Housing Office entitled "A Program for 100 New Affordable Rental and Ownership Homes at 30 Tippet Road." In summary, the report recommended funding and incentives for 50 new affordable rental units and up to 50 affordable ownership homes at 30 Tippet Road. The affordable housing plan for this site resulted from a collaboration with Build Toronto (now CreateTO) and developer Shiplake Properties Limited, now known as CollecDev. Financial contributions for the 100 affordable homes are proposed from CreateTO, the Federal and Provincial

Governments and the City of Toronto. Refer to the link below for additional details regarding this program:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX16.28>

In terms of the specific application being referenced in the motion for 30 Tippett Road, an application for zoning by-law amendment was filed on August 11, 2017. The application was approved by Council at its meeting of February 26, 2019, the first available council session after the election. An application for site plan approval was filed on April 30, 2018, and comments were given on August 9, 2019. While it is not unusual for an applicant to await zoning approval to finalize their site plan application, Staff did not receive a resubmission responding to comments until June 14, 2019. Planning Staff are currently awaiting a third submission, to address all outstanding comments and provide site plan approval.

Below is a summary of all the projects within the Tippett Regeneration Area including proposed units, affordable units and application status. The applicant for 30 Tippet Road is also, in partnership, building 36 and 36R Tippett Road.

File Number:	Address:	Total Number of Units:	Number of Affordable Units:	Status:
11 255468 NNY 10 OZ	9 Tippett Road	485	25 ownership	Under construction
12 294187 NNY 10 OZ	36 & 36R Tippett Road	462	100 (50 rental & 50 ownership)	Under construction
16 196875 NNY 10 OZ	4 & 6 Tippett Road	647	25 ownership	Zoning in Place, Site plan application under review
17 214838 NNY 10 OZ	30 Tippett Road	516	100 (50 rental & 50 ownership)	Zoning in Place, Site plan application under review
19 114174 NNY 06 OZ	50 Wilson Heights Blvd.	1464	488 affordable rental	Zoning and subdivision applications under review

Legal Services Comments:

Legal Services comments are contained in Confidential Attachment 1 to this report

CONTACT

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SIGNATURE

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ATTACHMENTS

Confidential Attachment 1 - Confidential Information from the City Solicitor