

New Affordable Rental and Ownership Homes in Phase Two of the Alexandra Park Revitalization

Date: December 21, 2021

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat

Wards: Ward 10, Spadina-Fort York

SUMMARY

This report recommends City financial contributions and incentives to support delivery of new affordable rental and ownership homes in Phases 2A and 2B of the ongoing Toronto Community Housing Corporation (TCHC) revitalization of Alexandra Park. An initial 10 homes (4 affordable rental and 6 affordable ownership homes) will be delivered in Phase 2A, with a yet to be determined number to be provided in Phase 2B. The number of units to be delivered in Phase 2B will be determined by the cost of construction for rental units at the development stage. (See Attachment 1 - Alexandra Park Master Plan Map 2021 for map of phases).

It is recommended that \$7,674,414 in Section 37 funds be allocated towards delivery of the new affordable homes. Approximately half of the funds will be used to support delivery of affordable rental units to be co-located within new TCHC rental replacement buildings and dedicated for Atkinson Housing Co-operative Inc. (Atkinson Co-op) members. Four affordable rental homes will be secured in Phase 2A, with additional affordable rental units to be secured in Phase 2B. The other half of the Section 37 funds will support the purchase of up to six condominium units in Phase 2A to be operated under a new long-term affordable ownership program delivered in partnership with Habitat for Humanity Greater Toronto Area (Habitat), specifically for Atkinson Co-op members and TCHC tenants of Alexandra Park.

In addition to capital funding, this report recommends City Council approval of \$356,940 in Open Door Program incentives for the four affordable rental units to be delivered in Phase 2A. These incentives include waivers of building permit and parkland dedication fees plus exemptions from development charges and property taxes for up to 99 years.

The report further recommends deferral of development charges through the City's Home Ownership Assistance Program (HOAP) for the six affordable home ownership units in Phase 2A. Deferral of development charges will make the homes more affordable for purchasers and support a new long-term affordability model managed by Habitat. Additionally, \$50,000 per unit in affordable ownership loan funding will be allocated by the City from federal/ provincial housing programs.

The ongoing revitalization of Alexandra Park will add new community amenities and a range of new homes for low-and-moderate-income residents within a complete community. To support revitalization efforts, TCHC and City staff and the local Councillor continue to actively engage with community members. This includes engagement with the Alexandra Park Revitalization Working Group (APRWG) which has provided input into and supports the housing plan outlined in this report.

RECOMMENDATIONS

The Executive Director of the Housing Secretariat recommends that:

Affordable Rental Housing

1. City Council authorize the Executive Director, Housing Secretariat to provide Section 37 funds from the Capital Revolving Reserve Fund for Affordable Housing (XR1058) in the amount of \$1,981,260.00 to Toronto Community Housing Corporation (TCHC) to facilitate the creation of four new affordable rental units in the rental replacement building at 130 Augusta Avenue to be owned by TCHC and rented at 80% Average Market Rent in perpetuity.
2. City Council authorize the Executive Director, Housing Secretariat to exempt the four new affordable rental units in 130 Augusta Avenue from the payment of development charges, and provide a waiver of all building permit and parkland dedication fees.
3. City Council authorize an exemption from taxation for municipal and school purposes for the four new affordable rental units in 130 Augusta Avenue for a period of ninety-nine (99) years.
4. City Council authorize the Controller to cancel or refund taxes paid after the effective date of the Municipal Housing Facility Agreement (the City's Contribution Agreement) for the four new affordable rental units in 130 Augusta Avenue.
5. City Council authorize the Executive Director, Housing Secretariat to negotiate and execute, on behalf of the City, a Municipal Housing Facility Agreement (the City's Contribution Agreement) with Toronto Community Housing Corporation to secure the financial assistance and to set out the terms of the development and operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer and Treasurer and the General Manager, Shelter, Support and Housing Administration, in a form approved by the City Solicitor.
6. City Council authorize severally each of the Executive Director, Housing Secretariat and the General Manager, Shelter, Support and Housing Administration to execute, on behalf of the City, any security or financing documents or any other documents required to facilitate the funding process, including any documents required by Toronto Community Housing Corporation to complete construction and secure conventional financing, where required, including any postponement, confirmation of status, discharge or consent documents where and when required during the term of the

municipal housing facility agreement, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by City Council.

Affordable Ownership Housing

7. City Council authorize the Executive Director, Housing Secretariat to negotiate agreements of purchase and sale, with Dundas Alexandra Park Residences Inc. for the purchase by Habitat for Humanity Greater Toronto Area and/or the City of Toronto for up to six affordable ownership housing units to be developed on the property currently known as 115 Denison Avenue (the "Habitat Units") with a purchase price for all six units of \$4,787,549.00, with standard closing costs to be the responsibility of the individual home buyers.

8. City Council authorize the City to be a party to the agreements of purchase and sale contemplated to be entered into for the Habitat Units as a contingent transferee, in order to ensure the benefit of the Habitat Units is secured for the intended purposes, until Habitat for Humanity Greater Toronto Area is able to complete the transactions.

9. City Council authorize the Executive Director, Housing Secretariat to execute the agreements of purchase and sale and any other documents required to complete the purchase of the Habitat Units, including an assignment of the agreements of purchase and sale for the Habitat Units to Habitat for Humanity Greater Toronto Area or another non-profit housing provider.

10. City Council authorize the City Solicitor to complete the purchase of the Habitat Units on behalf of the City, including paying any necessary expenses, amending the closing, due diligence and other dates, and amending and waiving terms and conditions, on such terms as the City Solicitor considers reasonable.

11. City Council authorize the Executive Director, Housing Secretariat, to negotiate, enter into and execute, on behalf of the City, all development charges deferral agreements, and any security, financing or other documents required with Dundas Alexandra Park Residences Inc. and Habitat for Humanity Greater Toronto Area, and any other parties deemed necessary to facilitate the development charges deferral outlined in this report, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, in consultation with the Chief Financial Officer, and in a form satisfactory to the City Solicitor.

12. City Council approve the deferral of development charges for the Habitat Units under the terms of the City's Home Ownership Assistance Program, with the exception that on the sale or refinancing of a unit, the deferred amount will be re-invested by Habitat for Humanity Greater Toronto Area as down-payment assistance loans under a long-term Alexandra Park affordable home ownership program, until the term of the agreement with Habitat for Humanity Greater Toronto Area ends.

13. City Council authorize \$3,837,207.00 in Section 37 funds in the Capital Revolving Reserve Fund for Affordable Housing approved for the creation of affordable ownership units in Alexandra Park revitalization be provided to Habitat for Humanity of Greater

Toronto towards the purchase price of up to six condominium units at 115 Denison Avenue.

General

14. City Council increase the 2022 Operating Budget for the Housing Secretariat by \$2,235,938.00, \$0 net, on a one-time basis, and transfer to the Capital Revolving Reserve Fund for Affordable Housing (XR1058), for the purpose of creating new affordable rental housing and/or home ownership opportunities in Phase 2 of the Alexandra Park Revitalization, fully funded by Section 37 (Planning Act Reserve Fund) community benefits collected from the following developments:

- a. 102-118 Peter Street and 350-354 Adelaide Street West, secured for the provision of affordable housing in Ward 10, in the amount of \$352,698.00 (XR3026-3701120);
- b. 489-539 King Street West, secured for the provision of new affordable housing units in Ward 10, in the amount of \$1,204,762.00 (XR3026-220096);
- c. 40-58 Widmer Street, secured for the provision of new affordable housing units in Ward 10, in the amount of \$174,869.00 (XR3026-3701105); and
- d. 99 Blue Jay Way, secured for the provision of new affordable housing units in Ward 10, in the amount of \$167,468.00 (XR3026-3701161).

15. City Council authorize the Executive Director, Housing Secretariat, to make any necessary future budget adjustments to accommodate the funds approved in the report (December 21, 2021) from the Executive Director, Housing Secretariat from the Capital Revolving Reserve Fund for Affordable Housing (XR1058).

FINANCIAL IMPACT

Section 37 Funds

This report recommends a 50/50 allocation of \$7,674,414.00 or approximately \$3,837,207.00 in Section 37 funds for the construction of affordable rental and the purchase of affordable ownership units in Phase 2 of the Alexandra Park revitalization. City Council approval of the recommendations in this report will help ensure successful delivery of new affordable rental and ownership opportunities as part of the Alexandra Park Revitalization and ultimately contribute to the City's HousingTO 2020-2030 Action Plan (Key Strategic Action #8 - "Support Toronto Community Housing and Its Residents).

All \$7,674,414.00 in Section 37 funds to be expended have been previously approved by City Council for this purpose and all but \$1,448,000.00 has been received to-date by the City. This remaining amount is payable by TCHC according to their Section 37 agreement for Alexandra Park and will be paid by August 2022. If these funds are not

received, the amount of Section 37 funds to be expended on affordable rental housing in Phase 2B will be reduced by this amount.

Habitat will use the \$3,837,207.00 in Section 37 funds for affordable home ownership and other funds to purchase up to six units at 115 Denison Avenue from Dundas Alexandra Park Residences Inc., a related company to Tridel, the developer of the condominium. The homes will then be assigned to home buyers qualified under a new affordable ownership program for Atkinson Coop members and TCHC tenants of Alexandra Park managed by Habitat.

Of the \$3,837,207.00 in Section 37 funds dedicated to affordable rental housing, \$1,963,260.00 is to be allocated to the cost of construction of four affordable rental units in the TCHC rental replacement building at 130 Augusta Avenue in Phase 2A, payable in 2022. The remaining \$1,873,947.00 will be used to purchase affordable rental units in a Phase 2B TCHC rental replacement building. The number and size of these units will be determined during the planning of Phase 2B.

A twenty per cent (20%) down payment of \$957,510.00 for the purchase of up to six condominium units to be delivered as affordable ownership housing for Alexandra Park residents, will be transferred from the Capital Revolving Reserve Fund for Affordable Housing (CRF) (XR1058). These funds are to be paid to Habitat in early 2022. The remaining \$2,879,696.00 in Section 37 funds towards the purchase price of up to six units will be paid out from the CRF (XR1058) at closing in 2025.

Funding of \$1,963,260.00 for affordable rental housing and \$957,510.00 for affordable ownership housing which totals to \$2,920,770.00 is included in the recommended 2022 Operating Budget (FH5795) for the Housing Secretariat for expenditures in Phase 2 of the Alexandra Park revitalization.

Deferral of Development Charges for Affordable Homeownership

Subject to City Council's approval of this report, development charges will be deferred over the long term under the City's Home Ownership Assistance Program (HOAP) for the Habitat Units. The value of the deferred development charges will be applied as down payment assistance for each eligible buyer purchasing a Habitat Unit. Based on the November 1, 2021 development charge rates by unit size, the value of the development charge deferral is an estimated \$310,910.00.

Open Door Program Incentives

This report recommends Council approval of Open Door Program incentives for the four affordable rental units in Phase 2A, at a value of \$356,940.00. This value includes the exemption of development charges, building permit and parkland dedication fees and property taxes for 99 years. (See Chart 1 below for details).

Chart 1 - Open Door Incentives

Number of Affordable Rental Homes	Estimated Affordability Period	Estimated Development Charges*	Estimated Building Permit and Parkland Dedication Fees**	Estimated Net Present Value of Property Taxes***	Estimated Total Value of Incentives
4	99 years	\$200,946.00	\$25,437.00	\$130,557.00	\$356,940.00

* calculated using November 2021 rates

** includes estimated 2020 building permit fees of \$5,437.00 and parkland dedication fee of \$20,000.00

*** calculated using 2021 property tax rates

The Chief Financial Officer and Treasurer has been informed of the financial impacts associated with this report.

DECISION HISTORY

At its meeting July 16, 17 and 18, 2019 Council adopted MM9.58, "Authorization to Release Section 37 and 45(9) funds from Various Developments for the Construction of New Affordable Housing as Part of the Alexandra Park Revitalization - by Councillor Joe Cressy, Seconded by Councillor Michael Ford" which approved \$1,092,909.34 in Section 37 and 45(9) funds be used to increase the amount of affordable rental and/or ownership housing within Alexandra Park Revitalization Phase 2.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM9.58>

Based on Ontario Municipal Board Decisions/Orders issued March 17, 2017, April 5, 2017 and February 12, 2018 and Local Planning Appeal Tribunal Issue September 28, 2018, City Council amended City of Toronto Zoning By-law 438-86 with By-law 74-2019 (LPAT) which in Appendix 1 Section 2 (b) approved \$500,000 in Section 37 funds for the development of new affordable rental housing in the Alexandra Park Revitalization.

<https://www.toronto.ca/legdocs/bylaws/2019/law0074.pdf>

City Council on July 23, 24, 25, 26 and 27 2018, adopted EX36.36, "Development Charges Deferral Update to the City's Home Ownership Assistance Program" which converted the HOAP program from a program funded by the City's Development Charges Reserve Fund for Subsidized Housing to a development charges deferral program.

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

At its meeting February 12, 2018 Council adopted EX31.2, "2018 Capital and Operating Budgets" with recommendations 158 and 159 directing funds of \$1,563,123.68 and \$51,479.85 to the Capital Revolving Fund for Affordable Housing (XR1058) to be used to create new affordable rental and/or ownership housing in Alexandra Park Revitalization Phase 2.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX31.2>

At its meeting September 30, October 1 and 2, 2015 Council adopted EX8.20, "Affordable Housing Opportunities in Alexandra Park" which recommended entering into agreements of purchase and sale and providing down-payment assistance so that seven lower-income Alexandra Park residents could purchase condominium units in Phase 1 Alexandra Park Revitalization.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.20>

At its meeting March 31, April 1 and 2, 2015 Council adopted EX4.11, "Increasing Affordable Housing in Alexandra Park through Section 37 Funds" which recommended \$782,963 in Section 37 funds be directed to Toronto Community Housing Corporation to develop affordable rental housing in Alexandra Park.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX4.11>

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is centred on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building inclusive, healthy, sustainable and liveable communities.

Redeveloping existing social housing in Alexandra Park and adding a range of housing options and new community facilities and services will increase the opportunity for low- and-moderate-income residents, including those from equity-deserving groups including Indigenous Peoples, Black and other racialized people, women, seniors and 2SLGBTQ+ persons to access safe, secure and adequate housing within a mixed-income, mixed-use, complete community.

Access to good quality, safe, affordable housing is an important determinant of health and also improves the social and economic status of individuals, families and communities. Good quality, affordable housing is also a cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole

COMMENTS

TCHC has undertaken a two phase revitalization process for Alexandra Park, which is the area bounded by Dundas Street to the north, Denison Avenue to the west, Queen Street to the south and Cameron Street to the east. All existing rent-geared-to-income (RGI) housing units owned by TCHC will be replaced or refurbished with the addition of approximately 1615 units of market housing in the form of condominiums. Phase 1 is complete and resulted in 61 new TCHC RGI townhouses and 139 refurbished apartment units and 415 market condominiums.

During Phase 1, two affordable rental units were created through the allocation of \$552,000 in Section 37 funds for the Atkinson Co-op to purchase two condominium units that were then rented out at 80% of Average Market Rent (AMR) to qualifying members of the co-op. As well, 5 condominium units were purchased by Alexandra Park residents and households from the area with down payment assistance of \$225,000 from the City's HOAP program and \$225,000 from the federal/provincial Investment in Affordable Housing (Extension) Program.

Since 2015, the local Councillor has dedicated Ward 10 Section 37 funds to assist in the creation of affordable rental and ownership units in the revitalized Alexandra Park. This funding is intended to create a more mixed-income community with non-RGI rental units and ownership units affordable to households living in Alexandra Park. A total of \$6,226,414 has been approved by City Council, received by the City and is now available for affordable housing in Phase 2. Additionally, TCHC will be contributing \$1,448,000 in Section 37 funds in 2022 to complete the terms of their Section 37 agreement. TCHC contributed \$552,000 in Section 37 funds towards the purchase of two affordable ownership units in Phase 1.

This report recommends the \$7,674,414 total approved in Section 37 funds for affordable housing in Alexandra Park be spent approximately 50% on the construction costs of affordable rental units in TCHC RGI replacement buildings, and 50% on the purchase of affordable condominium units in Phase 2. As well, there are recommendations to enable the City's entering into of the necessary legal agreements to implement these funding decisions and to secure affordability over the long term.

The Alexandra Park Revitalization Working Group (APRWG) has been advising TCHC on numerous issues involved in the replacement of RGI housing in Alexandra Park and the overall redevelopment, such as the design of the new community centre, since the start of the revitalization process. TCHC took direction from APRWG on how to spend the available Section 37 funds in Phase 2. The group had several meetings over a two year period to discuss the benefits and costs of affordable rental and ownership options. Habitat was brought in to propose an ownership program and if agreed to, to become the ongoing managers of the program for the community.

The working group advised that the Section 37 funds be split evenly between new affordable rental and ownership homes, to provide new options for those living in the community who no longer need RGI assistance but want an affordable rental or ownership home in the community. APRWG also agreed to work with Habitat to implement a new affordable home ownership program to purchase units in Phase 2 condominium buildings for Alexandra Park residents. A key component of the new program is that the homes remain affordable from one purchaser to the next for residents of the community.

Atkinson Co-op has signed a Letter of Intent with TCHC agreeing to the use of Section 37 funds to pay the construction costs of four units in the rental replacement building at 130 Augusta Avenue, with the homes to be owned by TCHC and operated by the co-op in the same manner as is currently done with RGI rental units in Alexandra Park. TCHC and the Atkinson Co-op intend to work out a detailed agreement of obligations in the coming months, following the current arrangements whereby the co-op is responsible

for operational matters and TCHC is responsible for capital repairs. Construction is expected to start by mid-2022. These four units consisting of one 1-bedroom and three 2-bedroom units have been priced based on a cost consultant's review at \$1,963,260. The remaining \$1,873,947 of available Section 37 affordable rental funds will be used to purchase units in the next TCHC replacement building to start construction, which will be in Phase 2B.

The \$3,837,207 to be directed to affordable home ownership units is proposed to be used to purchase six condominium units, comprised of one 1-bedroom plus den and five 2-bedroom units, at 115 Denison Avenue. The building will be built by Dundas Alexandra Park Residences Inc., a Tridel related company, starting in 2022. Habitat would purchase the units and assign them to qualifying low-to-moderate income Alexandra Park residents from the Atkinson Coop or TCHC units.

The City will defer development charges for these units under the City's Home Ownership Assistance Program with the deferral being passed on to eligible homeowners as down payment assistance loans by Habitat. The City will also contribute \$50,000 per unit in home ownership loan funding from federal/provincial affordable housing programs as further down payment assistance. The condominium units will be affordable to Atkinson Co-op members and TCHC tenants from Alexandra Park with household incomes from \$60,000.

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SIGNATURE

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Attachment 1 - Alexandra Park Master Plan Map 2021