

## **Open Door Affordable Rental Housing Support for 28 New Affordable Rental Homes at 90 and 100 Simcoe Street, 130 Pearl Street, and 203, 207 and 211 Adelaide Street West**

**Date:** April 11, 2022  
**To:** Planning and Housing Committee  
**From:** Executive Director, Housing Secretariat  
**Wards:** Ward 10 – Spadina-Fort York

### **SUMMARY**

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This report recommends that City Council approve Open Door Affordable Rental Housing Program incentives for 28 new affordable rental homes in the redevelopment of 90 and 100 Simcoe Street, 130 Pearl Street, and 203, 207 and 211 Adelaide Street West ("100 Simcoe Street"). The affordable rental homes will be part of a larger mixed-use development, including an additional 498 units of purpose-built rental housing, as well as retail and office uses.

The project has been the subject of an Ontario Land Tribunal ("OLT") appeal by the owner Sun Life Assurance Company of Canada ("Sun Life Assurance"), and a settlement is being finalized. As part of the settlement process, City Planning and Housing Secretariat staff have confirmed the affordable housing proposal recommended in this report with Sun Life Assurance. Subject to the approval of this report, the affordable homes will be supported by both a community benefit contribution under Section 37 of the Planning Act and the City's Open Door Program. Combined, the contributions increase the affordable housing realized through the redevelopment.

The Open Door Program incentives recommended for Council approval will assist Sun Life Assurance in providing affordable housing options to low-and-moderate-income households, including persons with disabilities and those from equity-deserving groups. The homes will remain affordable for a minimum of 40 years at average market rent by unit size. Approval of this project will contribute towards the delivery of the City's HousingTO 2020-2030 Action Plan which aims to approve 40,000 new affordable homes by 2030.

## **RECOMMENDATIONS**

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The Executive Director, Housing Secretariat recommends that:

1. City Council authorize up to 28 affordable rental units to be eligible for waivers of fees for planning application, building permit, parkland dedication and development charges exemptions on the lands known as 90 and 100 Simcoe Street, 130 Pearl Street, and 203, 207 and 211 Adelaide Street West.
2. City Council authorize an exemption from taxation for municipal and school purposes for 40 years, for the up to 28 affordable rental units to be located on the lands known as 90 and 100 Simcoe Street, 130 Pearl Street, and 203, 207 and 211 Adelaide Street West.
3. City Council authorize the Executive Director, Housing Secretariat to negotiate and enter into, on behalf of the City, a municipal housing project facility agreement (the "Contribution Agreement") with Sun Life Assurance Company of Canada for the development of the affordable housing to be constructed on the lands known as 90 and 100 Simcoe Street, 130 Pearl Street, and 203, 207 and 211 Adelaide Street West, to secure the financial assistance being provided and to set out the terms of the operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form approved by the City Solicitor.
4. City Council authorize City staff to cancel or refund any taxes paid after the effective date of the exemption from taxation for municipal and school purposes as set out in the Contribution Agreement.
5. City Council authorize the Executive Director, Housing Secretariat to execute, on behalf of the City, any security or financing documents required by Sun Life Assurance to secure construction and conventional financing and subsequent refinancing, including any postponement, tripartite, confirmation of status, discharge or consent documents of any City security 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 Council.

## **FINANCIAL IMPACT**

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This report recommends the provision of an estimated \$2,042,359 in Open Door Program incentives to Sun Life Assurance to support the development of the 28 affordable homes at 100 Simcoe Street.

The financial incentives recommended for Council approval include relief from development charges, planning and building permit fees, and property taxes for 40 years, as outlined in Table 1 below. As this project is in the final planning approval stages, the applicable planning application fees have already been paid by the developer and will not be waived.

The provision of the affordable homes is proposed to be supported by both a community benefit contribution from Sun Life Assurance under Section 37 of the Planning Act, and the City's Open Door Program. Were the City to accept the proposed affordable housing units solely as a Section 37 contribution, the anticipated affordability period would have been 15 years. In exchange for receiving Open Door Program incentives for these affordable rental units, Sun Life Assurance has agreed to extend the affordable rental period to 40 years. This extended affordability period reflects the value of the City's incentives.

Table 1 - City Financial Incentives

Affordable Rental Homes	Affordability Period	Estimated Development Charges*	Estimated Planning Fees and Charges**	Estimated Net Present Value of Property Taxes	Estimated Total Value of Incentives
28	40	\$1,139,194	\$270,886	\$632,279	\$2,042,359

\*calculated using current, November 2021, development charge rates and reflecting estimated development charges applicable for 28 units

\*\*includes estimated 2022 building permit fees of \$34,594

The City's financial incentives include relief from development charges and building permit fees as anticipated to support the development process. The incentives also include relief from property taxes for municipal and school purposes for the 40 year affordability period.

The value of the annual property tax exemption is estimated at \$27,347 at 2022 rates. The net present value over the 40 year-term is estimated at \$632,115 as summarized in Table 2 below:

Table 2 - Property Tax Exemption

Property Tax	*Annual	Net Present Value (NPV): 40 Years
City	\$20,198	\$466,876
Education	\$6,848	\$158,284
City Building	\$308	\$7,119
Total:	\$27,354	\$632,279

\*calculated using 2021 Rates

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

In the event of default, the Contribution Agreement will provide that the by-law providing the property tax exemption be repealed.

The Chief Financial Officer and Treasurer have reviewed this report and agrees with the financial impact information provided.

## **EQUITY IMPACT**

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The HousingTO 2020-2030 Action Plan ("HousingTO Plan") envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO Plan is also 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.

The redevelopment of 100 Simcoe Street will increase the opportunity for low-to-moderate income households and those from equity-deserving groups to access good quality, safe, affordable homes.

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

## **DECISION HISTORY**

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An application was filed with the City in 2016 to permit a zoning by-law amendment for 90 and 100 Simcoe Street, 130 Pearl Street, and 203, 207 and 211 Adelaide Street West. The owner appealed the Zoning By-law Amendment application to the Local Planning Appeal Tribunal, now continued as the Ontario Land Tribunal (the "OLT"), due to City Council's failure to make a decision on the application within the time prescribed by the Planning Act.

City Council on July 23, 24, 25, 26, 27 and 30, 2018, adopted TE34.35, 90 and 100 Simcoe Street, 130 Pearl Street, and 203, 207 and 211 Adelaide Street West - Zoning Amendment Application - Request for Direction Report, instructing the City Solicitor and City staff to attend the OLT in opposition to the Zoning By-law Amendment application but to continue discussion with the applicant to resolve a list of issues:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.TE34.35>

City Council on May 5 and 6, 2021, adopted CC32.14, 90 and 100 Simcoe Street, 130 Pearl Street, and 203, 207 and 211 Adelaide Street West - Zoning By-law Amendment Application - Request for Direction, authorizing the acceptance of a Settlement Offer and directing the City Solicitor and City staff to attend an OLT hearing in support of the proposal as amended in the Settlement Offer. Council instructed the City Solicitor to request the OLT withhold its final Order on the appeal until advised by the City Solicitor that a number of issues had been finalized, including entering into the Section 37 Agreement and the affordable housing terms:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.CC32.14>

## **COMMENTS**

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The redevelopment 100 Simcoe Street has created the opportunity for the City to secure new affordable rental housing units in the proposed buildings using a

combination of Section 37 community benefit contributions and Open Door Program incentives. This report recommends that City Council approve Open Door Program incentives for 28 new affordable rental homes, as part of the mixed-use proposal, including 498 units of purpose-built rental housing, retail and office uses.

100 Simcoe Street has been the subject of an OLT appeal with a settlement now being finalized. As part of this process, City Planning and Housing Secretariat staff have confirmed the affordable housing proposal recommended in this report with the owner Sun Life Assurance.

Were the City to accept the proposed affordable housing units solely as a Section 37 contribution, the affordability period would only have been 15 years. In exchange for receiving Open Door Program incentives, Sun Life Assurance has agreed to extend the affordable rental period to 40 years. The extended affordability period reflects the value of the Open Door Program incentives. The Open Door incentives are contingent on the Section 37 Agreement.

Rents for the 28 affordable rental homes are proposed to be set at 100% Average Market Rent over the 40-year affordability term. The affordable homes will be comprised of: twenty one 1-bedroom apartments; four 2-bedroom apartments; and, three 3-bedroom apartments.

## **Conclusion**

The HousingTO Plan sets a target of 40,000 new affordable rental homes by 2030. The 28 new affordable rental homes proposed at 100 Simcoe Street will provide much-needed affordable housing options for low-and-moderate income households in the City's downtown. This project is a great example of collaboration between the public and private sectors to deliver good quality, affordable housing.

## **CONTACT**

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## **SIGNATURE**

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