

# AQUAVISTA

ONTARIO NON-PROFIT HOUSING ASSOCIATION CONFERENCE  
OCTOBER 16, 2015



## The Aquavista Project: Can affordable housing and luxury condos share the same building (and window cleaners?)

Sean Gadon  
Director, Affordable Housing Office  
Friday October 16, 2015  
Session 209  
Ontario Non-Profit Housing Association  
Conference 2015



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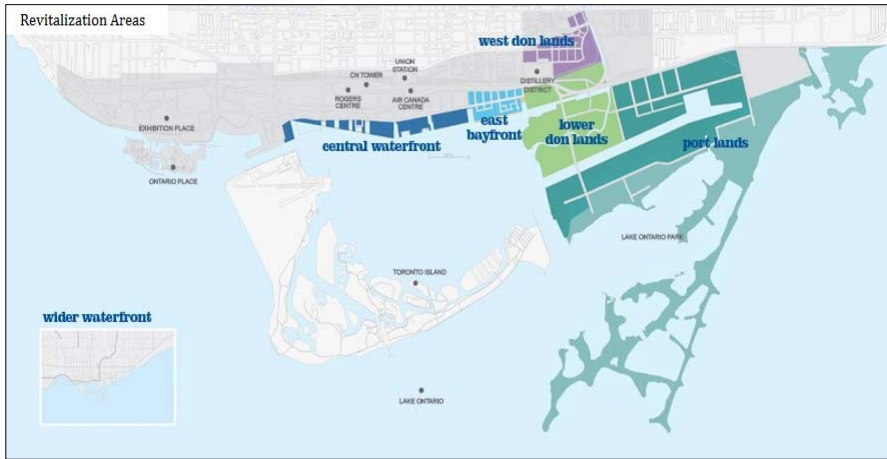
## The Aquavista Project





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## Toronto's Waterfront Planning Precincts





### Recipe for 80 affordable homes embedded within a luxury condominium on Toronto's Waterfront

1. City-owned land – available and cleaned by Waterfront Toronto at no cost
2. Secondary planning and zoning requires 20% affordable rental housing
3. City charter calls for housing opportunities in all neighbourhoods
4. City's 10-year housing plan prioritizes Waterfront Toronto, Toronto Community Housing, Build sites for affordable housing
5. Leverage of private sector expertise and affordable housing funding package



### The Deal

- City Council in 2014 approves a total of \$26 million to cover all elements of the deal
- City negotiates a fixed price contract with Hines/Tridel to purchase 80 units in a self-contained portion of the Aquavista mixed use development
- 228 residential condos and retail space
- Parties agree to construction of a mix of one, two and three bedroom units - average unit size of 825 sq. ft.
- Includes a waterfront view roof top amenity space, bike and car parking



## The Deal cont'd

- Artscape selected through an RFP
- Will lease from the City for a nominal sum and operate for 50 years at affordable rents
- Assume a mortgage to be covered by rents
- Shared facilities agreement on some common elements – yes the window cleaners!



## Some of the Key Players



Bruno Giancola, Tridel



Meg Davis,  
Waterfront Toronto



Avi Tesciuba, Hines



Councillor Ana  
Bailao, Ward 18  
Davenport, City's  
Housing Advocate



Tim Jones, Artscape



Councillor Pam McConnell, Ward 28,  
Toronto-Centre Rosedale, City's Deputy  
Mayor and Poverty Reduction Advocate



Sean Gadon, Affordable  
Housing Office

## Bayside Ground Breaking - Summer 2015



## Confronting Challenges – Myths and Realities

1. ***“Families shouldn’t live downtown” – “As a city we support the right for all residents regardless of income to live in the neighbourhood of their choice”***
2. ***“The real estate should be sold for highest value” – “Surplus city land is a valuable resource that should support both the city’s economic goals AND social goals”***
3. ***“The non-profit should not have it’s own entrance (poor door)” – “Having the non-profit housing embedded in the project with it’s own entrance is what makes it work and it contains operating costs for the operator”***

## Growing the Aquavista Model – Ingredients for Success

1. Effective affordable housing planning requirements
2. Commitment to strategic use of municipal land
3. Strong partnerships and relationships
4. Necessary funding and continuous due diligence
5. Effective and strong political leadership



## For more information

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## THE AQUAVISTA PROJECT



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The image shows a close-up of two people shaking hands. The person on the left is wearing a dark suit jacket and a white shirt. The person on the right is wearing a light-colored, striped button-down shirt. In the background, a construction site is visible with several yellow cranes against a blue sky. A yellow hard hat is partially visible in the lower right corner of the image.

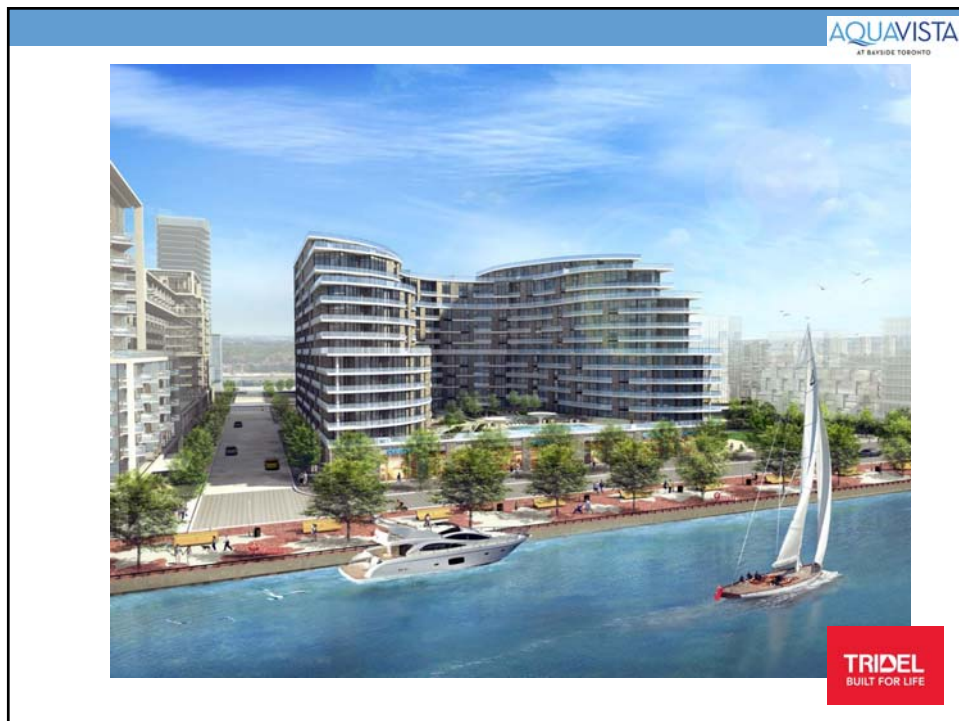
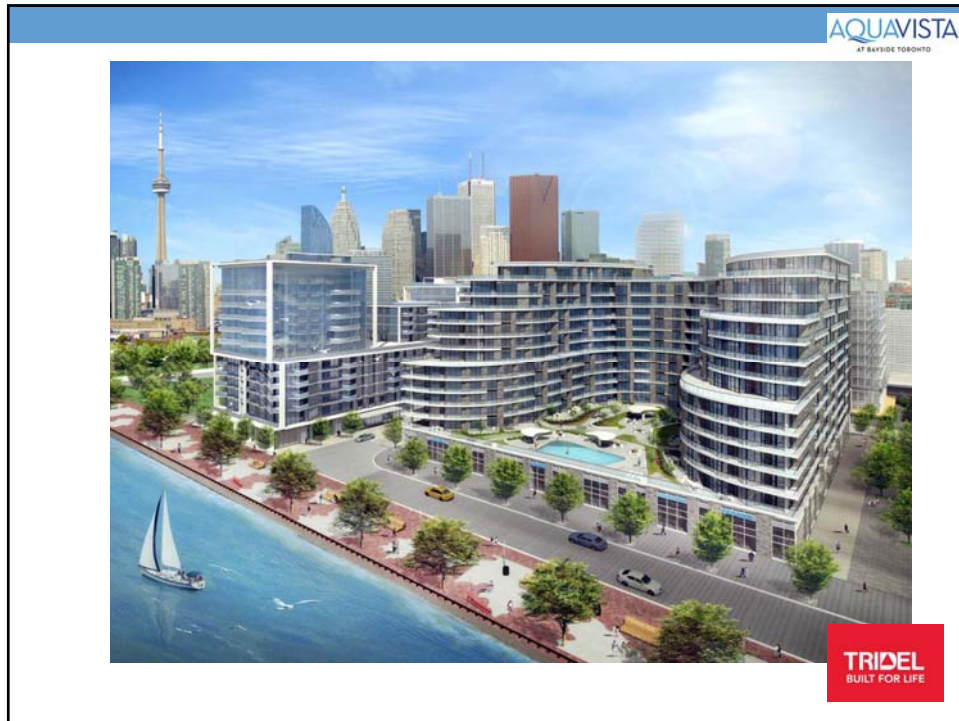
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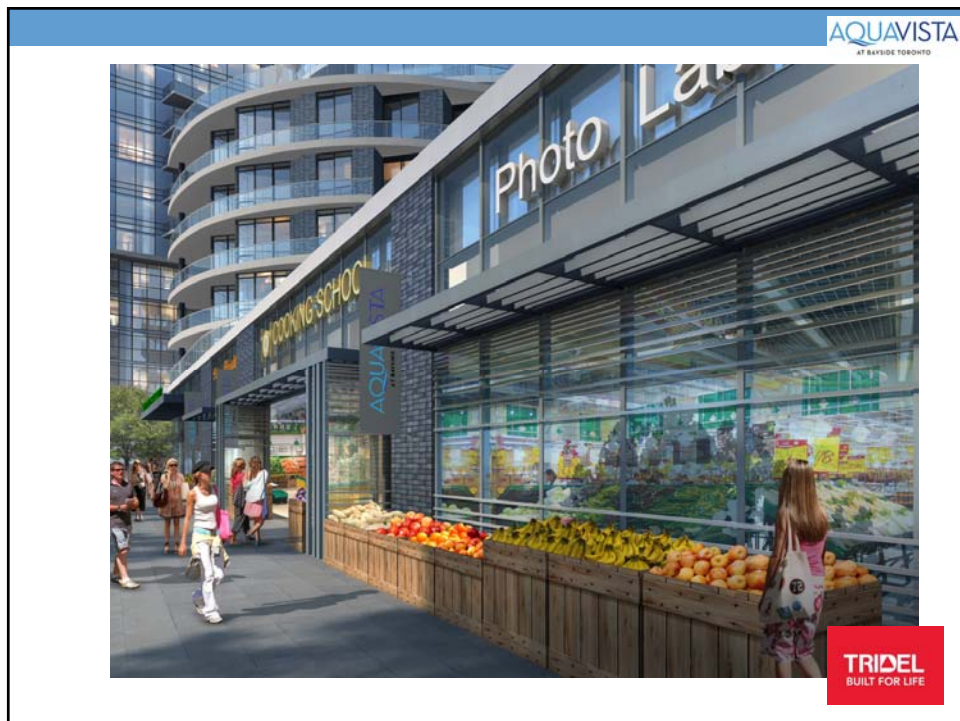
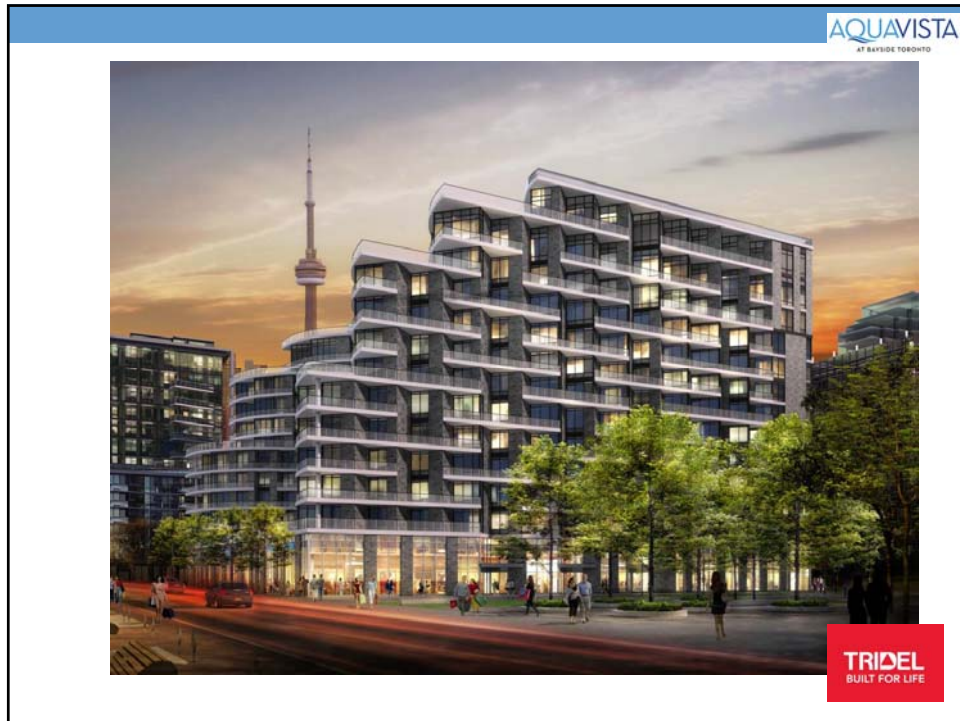
TRIDEL  
BUILT FOR LIFE

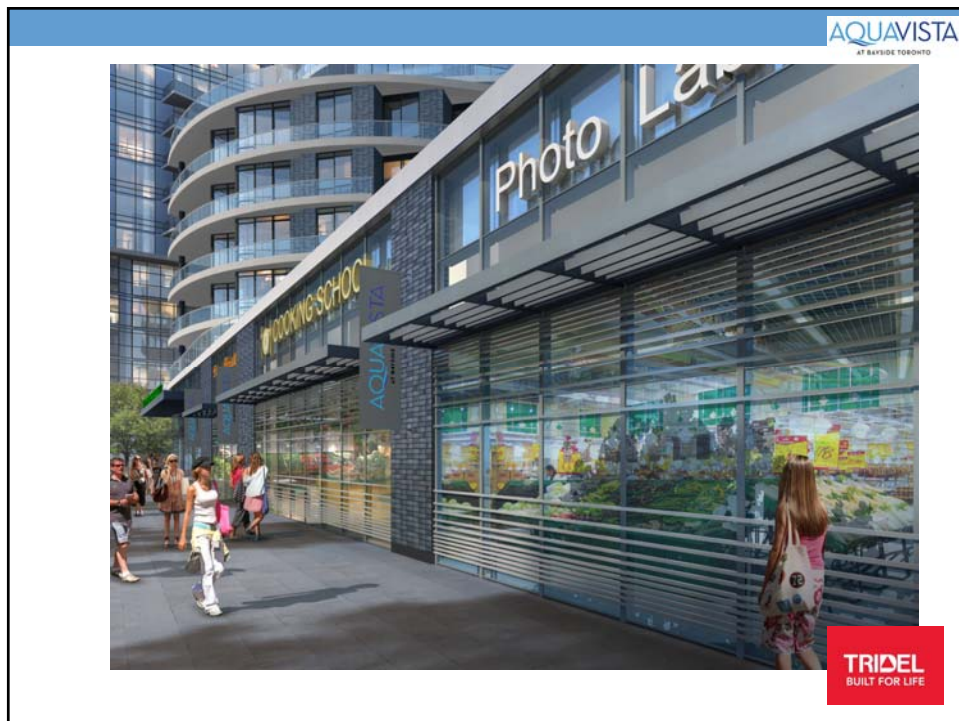
The image is an aerial rendering of a large urban development project. It shows several rectangular building footprints, green spaces with trees, and a waterfront area with a body of water. A red dashed box highlights a specific area in the center of the site. The rendering is detailed, showing streets, sidewalks, and landscaping.

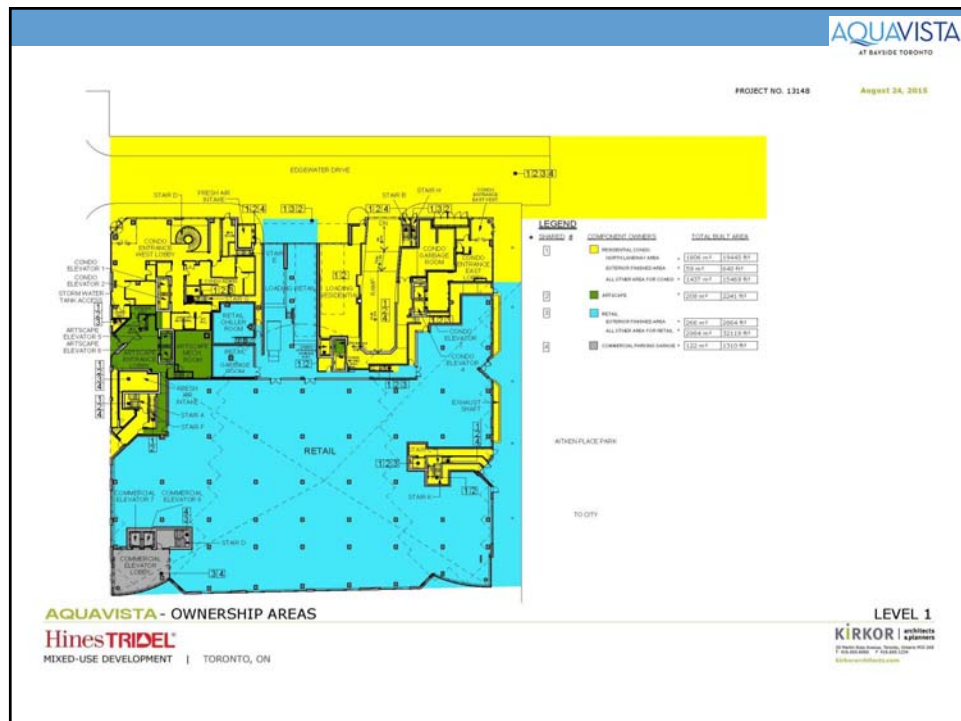
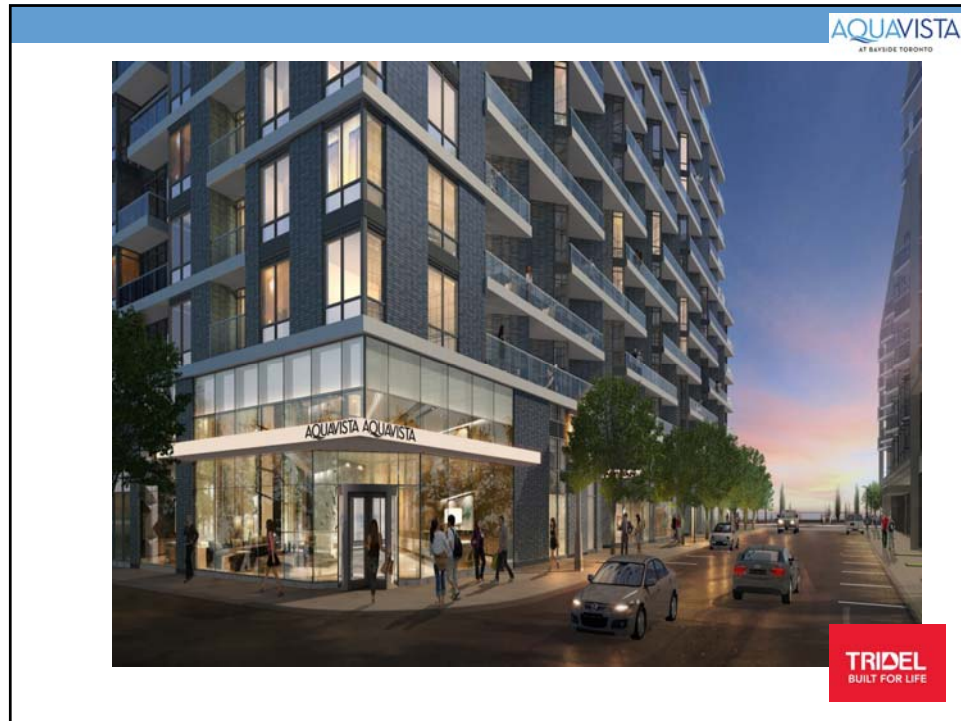




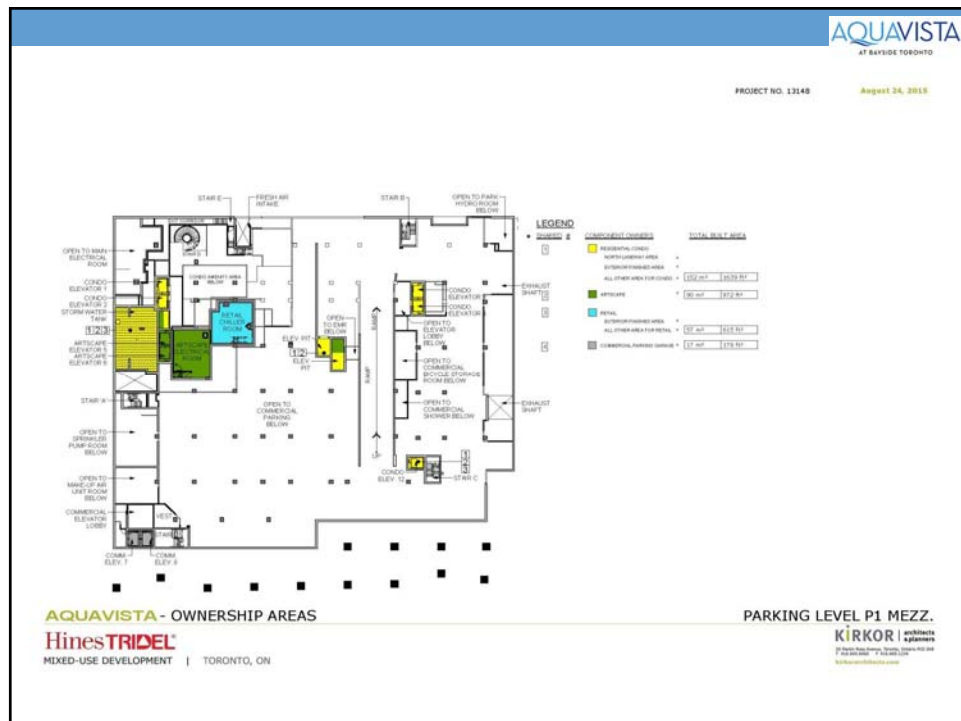
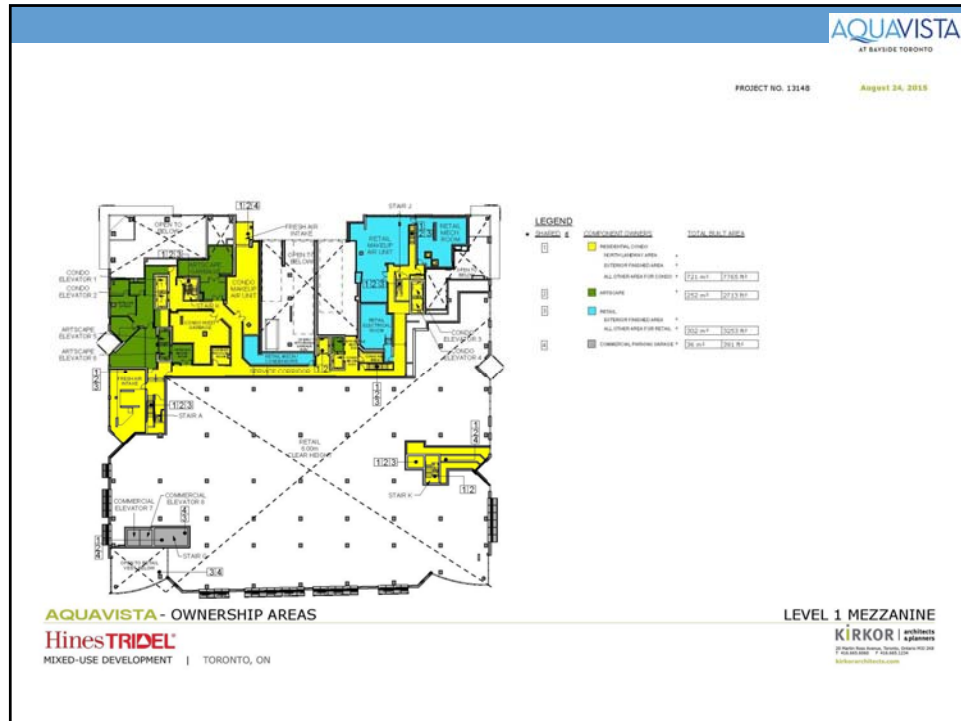


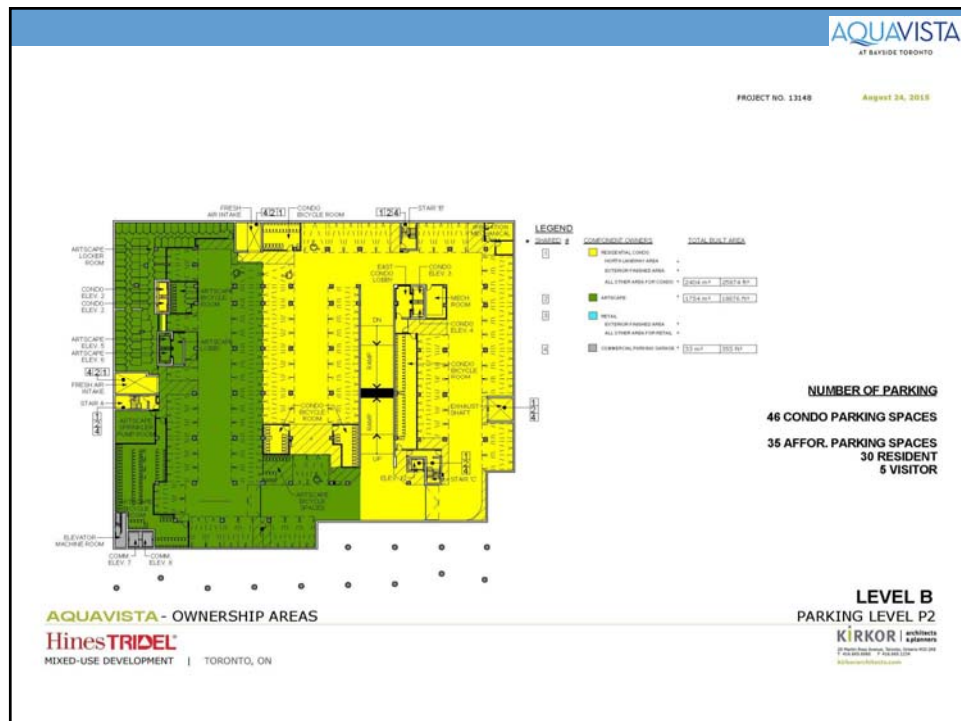
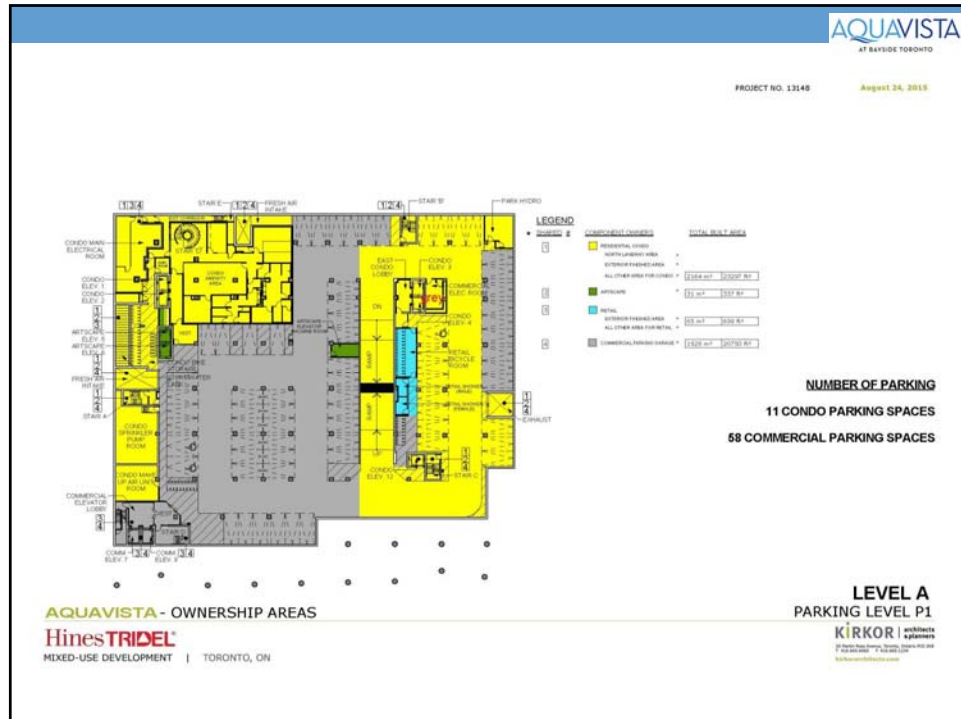






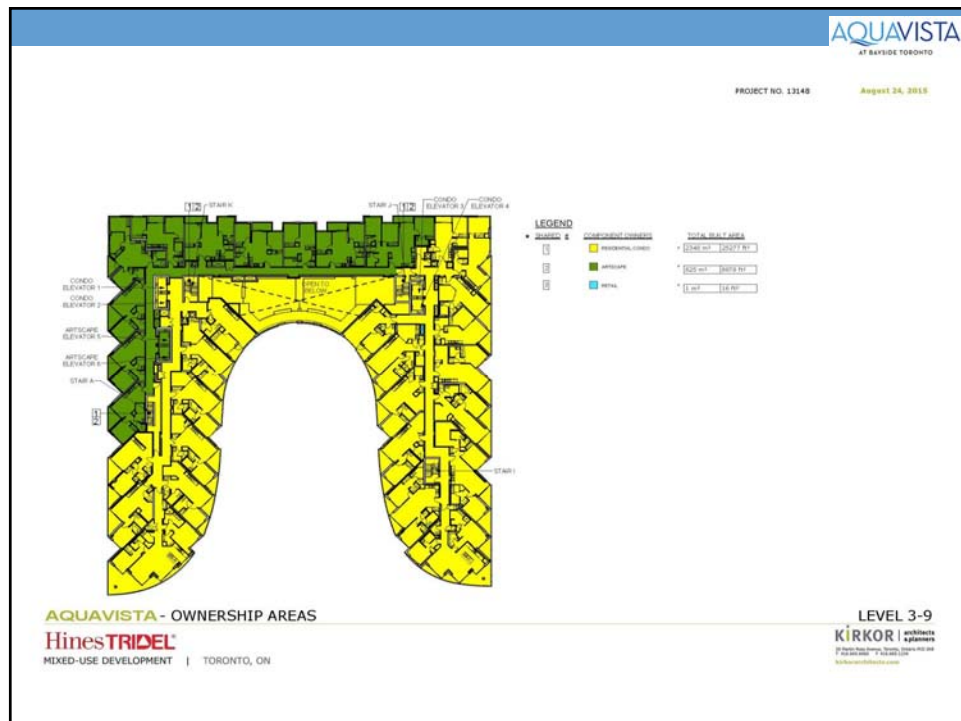


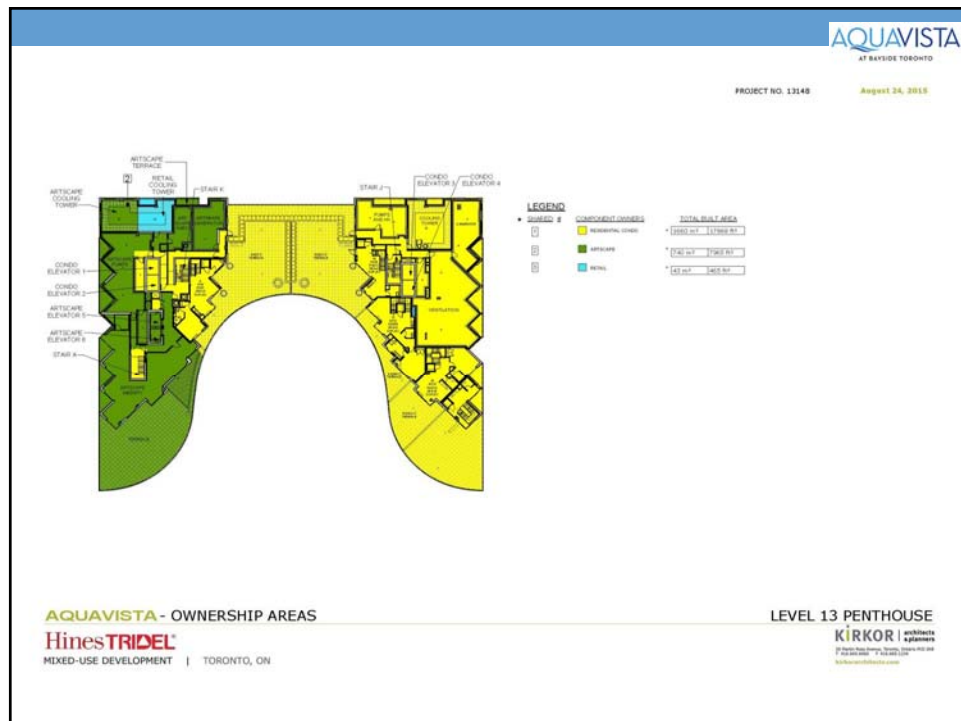
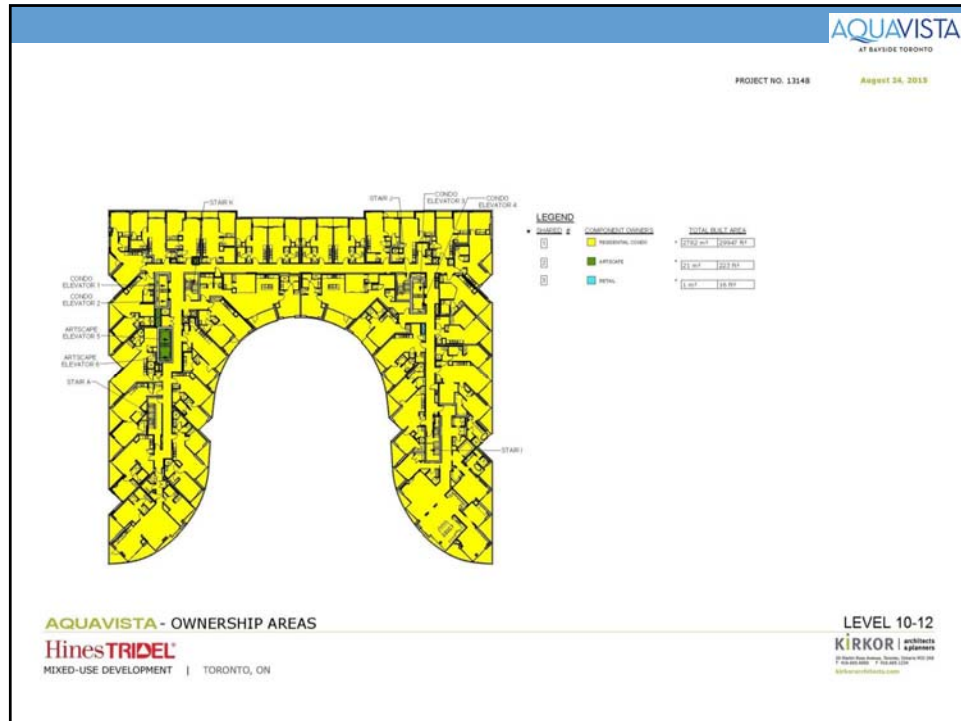

















- Review of Building Plans
  - Condo and Artscape
- Negotiation Process
  - Waterfront Toronto / Affordable Office
    - 20% of all Saleable Suites
    - Meetings with Affordable
    - Shifting of Density







- Marketing of condo with affordable in same building
  - Challenges
    - Public Perception
    - Important to Tridel
      - Reputation
      - Very interesting model to build
      - New type of mixed housing
        - Public/Private
      - Financial
      - GC Agent
      - Suite sales increased



  
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- Shared use of common elements
  - Budget
  - Maintenance
- Artscape as a partner
  - Working with developer to deliver proper building

  
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# AQUAVISTA

## The Legal Architecture

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John Fox

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## AQUAVISTA – Get your Program!


Player	Role
City of Toronto	Funder (Affordable Housing Office)
	Planner (Planning)
	Land owner (Real Estate)
	Waterfront Partner (Waterfront Secretariat)
	Lead: Affordable Housing Office/Councillor McConnell
Waterfront Toronto	Master Developer of overall Bayside project
Hines Canada/Tridel	The Developer
Deltera Construction	The Builder
Artscape	The Housing Provider
City Legal Robins Appleby DelZotto Zorzi	The Lawyers

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## The Legal Context

- City of Toronto Zoning By-Law 1049-2006 requires 20% of all dwelling units in East Bay side must be affordable rental units.
- Developer can satisfy this obligation through the dedication of land, the construction of units or cash in lieu of the provision of units.
- Originally the last two sites to be built out were dedicated as affordable sites.
- Governing Agreements for the development contemplate a change in allocation to create an Affordable Rental Housing Pilot Project on other lands.

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## Bayside Lands Concept Plan



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## Basic Deal – The Parties Interests

City	Build affordable housing should be in conjunction with market
City	Build while there is funding
Waterfront Toronto	Meet 20% goal with actual rather than theoretical units
Developer	Pioneer new development
Developer	A more efficient means of delivering the affordable commitment
Artscape	Synergies with community and other Artscape sites nearby

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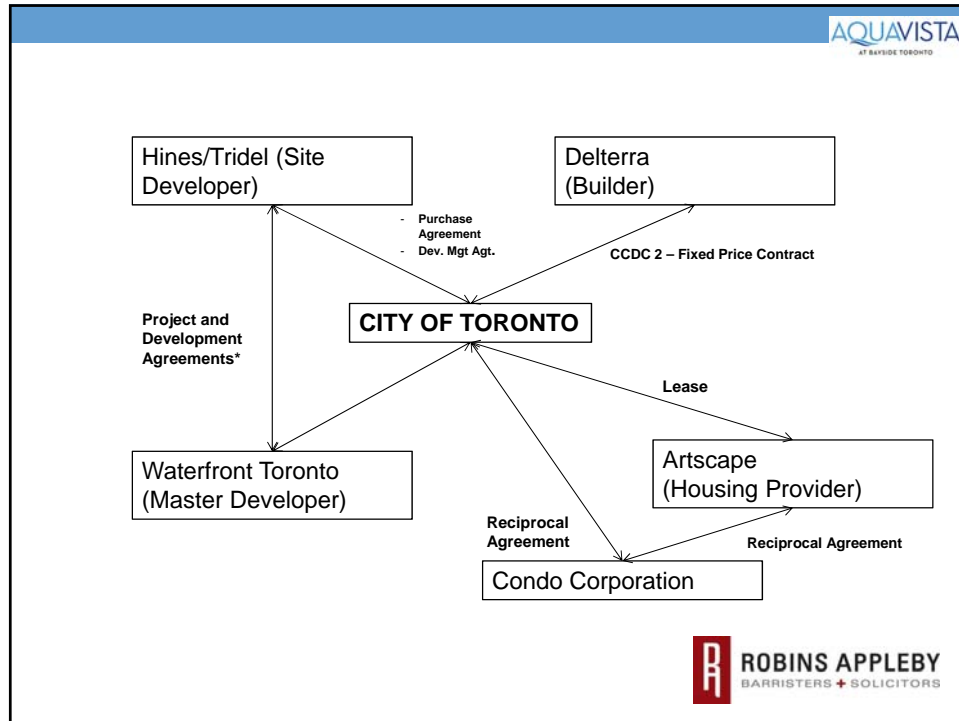


## The Basic Deal – The Proposal

- Hines/Tridel to build 80 affordable units on Block R3/R4 without reducing the number of market units.
- Build them in a single construction exercise with a single builder, wrapped into the same skin.
- City to call for a Housing Provider who can operate the housing and contribute to the surrounding community.

## The Contracts

Contract	Parties	Function
Bayside Pilot Project Agreement (BPPA)	City/Side Developer	Governs the Overall development transaction
Construction Contract	City/Deltera	A flat fee for construction of the affordable units
Development Management Agreement	City/Site Developer	Fee for development services
Reciprocal Agreement	Condo/Retail Owner/Commercial Parking Provider/Affordable Owner	Establishes how costs will be apportioned
Project Agreement and Development Agreement	Site Developer/Waterfront Toronto	Overall Development Requirements of Waterfront Toronto
Purchase Agreement	City/Land	Sale of the City Land



## Legal Challenges


1. How do we mix a rental construction program with a condo construction program?
  - Waiting for pre-sales
2. How many times a year do we clean the windows?
  - Governance after completion.
3. How do we split up costs among the various components of the building?
  - Establishing clear parameters for cost allocation after closing



## The Lawyers


City Legal	Lorna Lennox and Kathleen Kennedy
DelZotto Zorzi (Site Developer)	Ed Michelli, Harry Herskowitz, Mary Critelli
Robins Appleby	City of Toronto
Waterfront Toronto	Ian Beverley





## Advantages of this structure

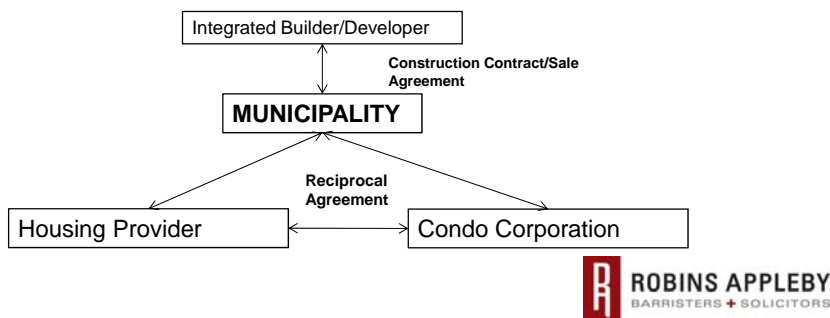
- Creates a “turn key” for affordable units.
- Public gets benefit of private sector pricing, reflected in the Fixed Price Contract.
- Builder aligned to complete because they want to close their condos.
- Quality of similar caliber, blending affordable with market more organically.



## Replication Factors

Can it be done elsewhere? Factors to Consider:

1. Regulatory Complexity – Toronto Waterfront is possibly the most highly regulated area in Ontario.
2. Legal Complexity – Directly related to the number of parties at the table. A simpler version:



## Replication Factors (Cont)

### 3. Leadership

- A willingness not to be bound by precedent.


### 4. Incentivize

- The transaction will always have to work from the private partners perspective.


### 5. Consider Alternatives

- The Model could be Centred on the Housing Provider rather than a Municipality where the land is originally controlled by the Provider.

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## Artscape

*“Artscape is a not-for-profit urban development organization that makes space for creativity and transforms communities.”*



ARTSCAPE

## Artscape Affordable Housing



Artscape Triangle Lofts



Wychwood Barns. Photo by Garrison McArthur

- Artscape currently manages **125** affordable housing units in 4 different locations:

Artscape Triangle Lofts (68 units)  
Artscape Wychwood Barns (26 units)  
Artscape West Queen West (22 units)  
Parkdale Arts & Cultural Centre (9 units)

## Artscape Affordable Housing



Simcoe Lofts

- Artscape plans to add **99** affordable housing units between 2015-2018:

Artscape Simcoe Lofts (5 units), 2015-2016  
Artscape Jarvis Lofts (14 units), 2016  
Artscape Bayside Lofts (80 units), 2018



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## Benefits of an Artscape Partnership



Wychwood Barns. Photo by George Matthews



Wychwood Barns market by Ted Chai Photography

- Shared project vision
- Active community engagement & participation
- Good neighbour policy
- Wide variety of programs & public events
- Dynamic contribution of talents
- Community leadership

ARTSCAPE

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## Why was RFP Attractive?

- Well prepared RFP – very thoroughly thought through by the city
- Waterfront is a fascinating revitalization and development area
- Exceptional urban planning principles and public space creation
- Despite building boom, limited opportunities to develop affordable housing in the downtown core
- Very difficult to create affordable housing options without subsidies
- Close to current and future Artscape properties – synergies and the creation of a larger community
- Builder with great reputation
- Artscape is only the operator – the heavy lifting (capital budget) is done by the city

ARTSCAPE

## How did we assess costs?

- City provided detailed operating budget
- We have existing affordable housing properties and can thus compare numbers
- We gained extensive hands-on over the years – trial and error – and know therefore what to look for



## What due diligence would we recommend to others?



Daniels Spectrum – Regent Park



Gibraltar Point – Toronto Islands

- Making sure that all costs are covered, e.g.
  - Legal Costs
  - Land Transfer Fees
  - Overhead, staffing and administrative costs
  - Property Taxes
  - Interest rate changes over time (debt financing)
- Making sure that the operating model is sustainable over the long term; create and sustain operating contingencies and capital resource allocations
- Making sure that maintenance, repairs and building assessment costs are included in budget
- Account for inflation

## What does it mean to share a roof with condo owners?



Wychwood Barns market. Both photos by Ted Chai Photography

- No difference really. In almost any condo building you have owners and renters living under the same roof.
- In fact, in our other properties we have a mixture of affordable rental units as well as affordable ownership units
- Having a critical mass of units is desirable to cluster artists and create a sense of community

## What about that separate entrance?



900 Queen St. Photo by Garrison McArthur

- Like ATL, it enables us to create a community within a larger development, which is not different to other projects we have done in the past or are currently developing (e.g. Weston Hub)
- It actually strengthens that community as it provides its own identity
- In our properties, we do witness cross-pollination as our constituency is usually very involved in the community = win-win
- It enables us as the operator to make autonomous decisions on changes within our stratified area and be responsible with the available budget

# THANKS!

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