



ARTSCAPE TRIANGLE LOFTS

CASE
STUDY



Artscape gratefully acknowledges the support of the Ontario Trillium Foundation Province-Wide Fund in the creation of Artscape DIY. For more information on the Ontario Trillium Foundation and its work, visit them online at www.trilliumfoundation.org



© Artscape 2018

Unless otherwise noted, all content is copyrighted by Toronto Artscape Inc., with all rights reserved. Under the copyright laws, this material cannot be reproduced in any form without the prior written permission of Toronto Artscape Inc.

CASE STUDY: ARTSCAPE TRIANGLE LOFTS

38 Abell Street, Toronto, ON

In 2004, an area in the heart of Toronto's contemporary arts district known as the Queen West Triangle was designated as a "regeneration zone" under the City's Official Plan. The zoning change allowed for intensification of development on sites that were home to industrial warehouses, many of which were full of illegal artist live/work units. Soon after, sales centres began to appear for 20-storey condo projects that many feared would displace employment, overwhelm the neighbourhood and forever change its character. This chain of events prompted some of the fiercest development battles in Toronto's recent history, pitting developers against community activists and the City. One of the many hot button issues was the impending displacement of creative people from the area. An enormous amount of time, energy and money was invested in addressing this conflict in community meetings and charrettes, at the Ontario Municipal Board and in Divisional Courts.

Amidst this backdrop of intense dispute and frustration on all sides, Artscape was able to bring together community leaders from a group named Active 18 and a condo developer over lunch. A deal was struck to create 70 units of affordable artists' live/work space. The City later agreed to grant the developer, Urbancorp, additional height and density through a Section 37 agreement in order to make the project viable. The deal represented a win-win-win outcome and paved the way for further collaboration between Urbancorp, the City, Active 18 and Artscape.

Artscape Triangle Lofts is a condo-within-a-condo located in the podium of the Westside Lofts Development. It was created for the specific purpose of providing work and living space in the Queen West neighbourhood that

is affordable for the arts, forever.

Opened in 2010, Artscape Triangle Lofts includes 20 affordable rental units, 48 below-market ownership suites and a ground-floor community gallery space. Among the most innovative aspects of Artscape

Triangle Lofts is that the project's affordability was underwritten entirely by an additional 56,000 square feet of height and density and did not require government or philanthropic support. Artscape is actively working to replicate this model in neighbourhoods across the city.

THE PLACE

Queen Street West holds an important place in the minds of Torontonians. It has always been a financial, industrial and cultural centre in the city. The street was once lined by large hotels and stores whose grand facades framed



the street. By the 1960s, however, the area had fallen on hard times, a result of industrial manufacturing moving to suburban industrial parks. Many of the vacant buildings that remained were used as studios and housing by artists.

In 1995, Artscape opened the city's first legally zoned artist live/work project at 900 Queen Street West. The project served as a significant catalyst in the revitalization of Queen Street, west of Trinity Bellwoods Park. Soon after, the Candy Factory Lofts project was launched across the street. Jamie Angel and other creative entrepreneurs began setting up shop, triggering an influx of galleries, cafés and specialty retail. The Drake and Gladstone



Hotels opened in 2004 and 2006 respectively, providing a significant boost to the neighbourhood's creative cachet. By 2005, when the Museum of Contemporary Canadian Art moved in, West Queen West had become the heart of Canada's cultural scene.

As inevitably happens, the vibrant cultural scene and resurgence in commercial activity created a rise in property values, making the land attractive for redevelopment. Dubbed the *Soho effect*, this phenomenon often results in artists becoming priced out of the neighbourhoods they helped to enliven. Artscape, community activists and the City began looking for ways to prevent this from happening.



When the City re-designated an area known as the Queen West Triangle (largely industrial and vacant land south of Queen Street, west of Dovercourt and north of the railway tracks) as a regeneration zone in 2004, developers quickly bought up the land and began the process of rezoning it to allow for significantly increased height and density. By 2006, there were a number of large-scale development proposals in the Triangle. Three of the proposals were for adjacent sites in the western half of the Triangle - Baywood Homes' proposal at 1171 Queen Street West, Verdiroc Properties' condo proposal for 48 Abell Street, and proposals for condo towers and town homes at 150 Sudbury Street from Landmark Properties (part of the Urbancorp group). These development applications became immediately contentious, not only due to the density they were proposing but also because the Verdiroc proposal involved the demolition of a warehouse building which had become a legendary cultural institution – 48 Abell.

48 Abell, a U-shaped factory building, was the largest remaining building slated for demolition in the Triangle. Once an agricultural implements factory, 48 Abell was home

to a community of artists living in illegal live/work lofts. Estimates for the number of live/work units in 48 Abell at that time vary from 60 to 100. According to the City of Toronto, 31% of area employment in 2005 was related to creative enterprise. The neighbourhood had approximately 40,000 square metres of studio, light industrial and retail space. It was clear that the development proposals would destroy numerous artists' workspaces and irrevocably alter the character of West Queen West.

Local groups, including Model 48, who represented the residents at 48 Abell, and most prominently Active 18, which was formed in response to the proposed developments in the area, looked for an alternative proposal to the condo towers and expensive housing.



The conflict between local residents and developers grew increasingly tense. Active 18 harnessed significant social capital and soon had some of the city's best planners and architects volunteering their time to imagine more community-friendly development. The group distinguished their campaign for the neighbourhood from other NIMBY (not-in-my-backyard) approaches by hosting a YIMBY (yes-in-my-backyard) event that embraced



the idea of increased height and density but argued for better design and amenities. Active 18 organized meetings and charrettes to explore design guidelines and redevelopment schemes for the area that would

preserve the retail character of the street, offer production space for artists and enhance parks and the public realm. One of the central design elements of Active 18's proposal included a *mews* that would run parallel to Queen Street and offer small-scale retail space and a pedestrian environment. The developers, on the other hand, were proposing what could be described as a *standard* condo model – large towers and limited retail space.

The flight of business to the suburbs combined with a city-wide boom in condo construction created fear that residential pressures were pushing out industrial and employment spaces. In response, the City of Toronto created a policy of restricting residential development in

areas it deemed as employment districts. With this policy, the City resisted the development of the Queen West Triangle, arguing it would run counter to the employment land preservation policy. All of the parties involved soon realized that this fight could only be resolved at the Ontario Municipal Board (OMB) which arbitrates land use conflicts in the Province of Ontario.

THE SITUATION

The City of Toronto denied the developers' applications to redevelop the area. In response, the developers appealed to the OMB. Active 18, represented by lawyer Charles Campbell, became a party to the OMB hearing while Artscape registered as a participant. Representatives of multiple stakeholders offered testimony at the hearing, including Tim Jones of Artscape, Jane Farrow of Active 18, numerous city staff and several experts representing the developers.

The City of Toronto's case, put forward by staff lawyer Dawne Jubb, rested on an effort to protect employment in the Triangle. In what became known as the *no-net-loss* policy for non-residential space, the City argued that the developments should replace existing employment space in the area on a square-foot by square-foot basis. To assist in protecting creative jobs, City planners created a definition of affordable artist live/work space and agreed to accept it as a contribution to the non-residential quota. While ultimately, the provisions of the bylaw to secure this policy were not upheld by the OMB, the underlying concept would later set the stage for the creation of Artscape Triangle Lofts.

After almost four months of deliberations at the OMB, the three-person panel found largely in favour of the developers. However, while the OMB allowed for the redevelopment of the sites, it scolded all parties for not previously finding a unanimous solution and avoiding an OMB hearing. The City of Toronto disagreed with the OMB and took the unusual step of appealing its ruling to the Ontario Divisional Court. To successfully challenge an OMB ruling, the City would need to convince the Court that the panel had erred on a matter of planning law. On the eve of the first hearing in Divisional Court, the City settled with two of the three developers. The next day, to the surprise of



CLICK HERE

Click here to watch Tim Jones discuss Artscape's role in the creation of Artscape Triangle Lofts.

many, Divisional Court agreed to hear the remaining case involving Urbancorp's 150 Sudbury Street site.

With a protracted legal battle looming, the conditions were ripe for a compromise of some kind to emerge. Artscape looked for a way to align the disparate needs and interests of each group, creating an outcome where everyone would feel they had won. After some months of negotiations, a deal was reached which satisfied everyone.

"We invited Alan Saskin of Urbancorp out to lunch with the community activists, Active 18. I'll never forget it. We went to Mildred Pierce restaurant. It was a wine and great food affair. Over that lunch, we cut the deal."

—TIM JONES, PRESIDENT AND CEO OF ARTSCAPE, QUOTED IN "CREATING AFFORDABLE HOUSING OUT OF THIN AIR".
YONGE STREET MEDIA, JANUARY 27, 2010

Making the deal with Urbancorp and Active 18 would prove to be the easy part of the equation. Typically, creating affordable housing of any sort requires a significant infusion of public investment. Knowing that this was unlikely, Artscape and its partners structured the project around securing additional height and density beyond that already approved by the OMB.



CLICK HERE

Click here to watch Alan Saskin (president of Urbancorp) discuss the evolution of the project from the developer's perspective.

In October 2007, Artscape, the City of Toronto, Landmark Development/Urbancorp and Active 18 announced a pioneering new self-funding model for below-market rent artist live/work development in the West Queen West Triangle. A Section 37 agreement enabled Artscape to purchase 56,000 square feet from Landmark Development/Urbancorp in the new condo tower at construction cost and offer them to artists at affordable rates in perpetuity.



Artist rendering of the Artscape Triangle Lofts.

In exchange, the city would allow Landmark Development/Urbancorp to construct three valuable additional floors of height. The deal also included the refurbishing of a local 100-year-old library into a new home for The Theatre Centre. The agreement between all parties also ensured that the development of the buildings would result in no-net-loss of land dedicated to employment in the Triangle.



Click here to watch Lori Martin, Senior Cultural Affairs Officer at the City of Toronto, discuss the City's role in facilitating the project.

“Artscape... has figured out a way to keep some creative people in the (Queen West) triangle in the midst of this exponential growth...The city worked very long and hard to retain jobs in the triangle specifically. This is crucial as Toronto becomes condo-ized and becomes a bedroom community to the suburbs.”

—JANE FARROW FROM ACTIVE 18, QUOTED IN THE TORONTO STAR, OCTOBER 31, 2007

The City of Toronto played a significant role in facilitating the Artscape Triangle Lofts project by garnering the commitment and contribution of numerous departments, including City Planning, Affordable Housing, Culture, Legal and Finance. In addition to the Section 37 agreement, the City waived development charges for the affordable rental unit component which was exempted from property tax as part of an agreement between Artscape and the City, obliging Artscape to keep rents at 80% of Canada Mortgage and Housing Corporation (CMHC) levels.

THE SPACE

Artscape Triangle Lofts is located in the podium of the Westside Gallery Lofts, a 20-storey condo tower at 150 Sudbury Street. In total, Artscape Triangle Lofts has 56,000 square feet with 68 artist live/work units and a gallery (converted from two condo spaces) on the ground floor that is owned and operated by Artscape. Forty-eight of the units are owned by artists and arts professionals through an innovative affordable ownership program; the rest are owned by Artscape and rented to artists and arts professionals as affordable housing.



Click here to view photo galleries of the interior, exterior and construction of the Artscape Triangle Lofts.

The project has its own entrance and lobby on Abell Street, an oversized elevator for the exclusive use of Artscape tenants and parking for 42 bicycles. All units

have ten-foot ceilings and an individual heat recovery system that also cools in summer. The units were designed to maximize open space allowing occupants as much flexibility as possible in arranging their living and work spaces. Units range in size from 500 to 1,120 square feet. The individual units were left raw, with concrete and exposed piping to reduce the cost to purchasers and tenants and to enable the owners and tenants to arrange the spaces to suit their creative and living requirements.

THE VISION

By creating permanent and affordable space for low-income artists to enable them to continue to live, work and exhibit, the Artscape Triangle Lofts project would join earlier Artscape interventions along West Queen West at Artscape West Queen West, Parkdale Arts and Cultural Centre and Artscape Liberty Village, in anchoring the city's creative community in an area with a long history of gentrification and the displacement of artists.

The development was a single yet influential project in the rapidly transforming West Queen West neighbourhood. By delivering permanent and affordable accommodation for artists and enabling low-income artists to get a foot on the property ladder, all without asking for operational subsidy, the Artscape Triangle Lofts project created a model that could be replicated in other parts of the city or even around the world.

Some key elements of the project's vision include:

- The provision of secure safe, affordable and permanent living and working space for arts professionals in downtown Toronto;
- Affordability, which is retained even if the units are resold;



Strip kitchen in unit at Artscape Triangle Lofts.

- The lack of cash subsidy;
- A replicable model which could benefit low-income groups in other municipalities;
- Ensuring the project contributes to a healthy, dense, diverse downtown community with a mix of residents and activities.

THE PLAN

By partnering with Urbancorp, Artscape was able to purchase 70 units on the lower floors of the Westside Gallery Loft building at the cost of construction. The City granted the developer 56,000 square feet (the equivalent to what Artscape was buying) in additional height and density to the project, effectively covering the land value and profit from the site the developer would otherwise forego. Artscape sold 48 of these units through an affordable home ownership program adapted from the model successfully used by not-for-profit developer Options for Homes. The units were priced at the market value but purchasers were offered no interest and no payment second mortgages for 25% of the purchase price thereby reducing the amount paid to below-market. Proceeds from these sales allowed Artscape to retain the balance as affordable rental units at rates 80% of Canada Mortgage and Housing Corporation's (CMHC) average market rents (or 20% below the City's benchmark for affordability). Unlike most other affordable housing developments, Artscape Triangle Lofts did not require public funding to be built or operated.



A major concern of residents in the immediate neighbourhood and for Artscape, was that these units would remain in the hands of arts professionals and not be flipped or quickly sold on the open market. To ensure that the units would remain

affordable for the arts forever, Artscape adapted the Options for Homes model in two important ways. First, through the second mortgage retained by Artscape, restrictions on resale require owners to sell through Artscape to qualified purchasers. Secondly, purchasers share market appreciation with Artscape on the first mortgage on a fifty-fifty basis on any amount higher than 5% of the value per year. This provision will allow Artscape to pass on relative affordability to future generations of purchasers even if the unit values rise dramatically.



Interior of completed unit at Artscape Triangle Lofts.

To qualify for space in Artscape Triangle Lofts, prospective owners and tenants must be full-time artists or employees at an arts-based not-for-profit organization. Prospective applicants are required to submit their tax returns for the previous three years. Depending on the size of the unit, household incomes must be below a certain threshold to qualify. The units must also become a purchaser's primary residence.

Artscape hired a real-estate professional as part of its staff to manage the sales process for the below-market ownership units. Information sessions ensured that potential purchasers had a clear understanding of the project before applying to Artscape. To help keep costs as low as possible for purchasers, Artscape approached a number of law firms and mortgage providers and briefed them on the unique and complex purchase model. Potential purchasers who chose to approach these firms knew they were already well-informed about the opportunity and that this would help keep their fees in check.

The affordable ownership units went on sale in July 2009 and were quickly sold to purchasers who, in all but one case, were first-time home owners.

DESIGN/BUILD

Urbancorp is the developer of the Westside Gallery Lofts, as well as the Artscape Triangle Lofts, and was responsible for the design and construction of the entire project. Artscape staff were members of the project development team and participated in discussions dealing with the Artscape Triangle Lofts units and any shared services. Certain design elements were included in Artscape Triangle Lofts units to make them more conducive to

arts practices including improvements in ventilation and lighting. To keep costs low for tenants and buyers, the units were sold or rented as raw or unfinished spaces. Units have bathrooms, a strip kitchen, four appliances and higher than normal floor to ceiling height (ten feet). This bare-bones approach allowed the spaces to be much cheaper and have a more industrial/unpolished look.



OPERATE

Artscape Triangle Lofts has its own condominium board which operates independently from the rest of the Westside Gallery Lofts in order to insulate purchasers from separate condo fees and to protect them from some amenity fees. Managed by an elected board, the Artscape Triangle Lofts Condo Corporation represents the owners of all the units. Artscape, as the owner of 22 affordable rental units and the gallery, has two representatives on the five-person condo board.

“This project forced us to answer questions such as: how do you diversify your revenue streams in a capital project? And what other groups can you bring in to help you achieve your goals, and what do you lose when you do that... With the Artscape Triangle Lofts, Artscape gave up a certain amount of control to the new owners. This forces the owners to take more responsibility for the operation of the building, which was an unexpected benefit, and a challenge.”

—CELIA SMITH, EXECUTIVE VICE PRESIDENT,
TORONTO ARTSCAPE INC.

The West Side Gallery Lofts and Artscape Triangle Lofts share certain structural elements, such as the piping and exterior glass; these are managed through a shared services agreement between the two parties. Artscape’s properties department is responsible for property management of the Artscape Triangle Lofts. The Artscape Triangle Gallery is run by Artscape as a rental gallery open to the public at an affordable rate.

LESSONS

Artscape Triangle Lofts demonstrates that as neighbourhoods go through significant change and redevelopment, it is possible to build arts space into the equation. Rather than giving in to the Soho effect, there can be shared interest between developers, municipalities, artists and community activists in

preserving the neighbourhood’s creativity while leveraging the value that creative people bring to support growth and development.

Policymakers in Toronto have been slow to embrace affordable home ownership in part because of a perception that the affordability is not protected when the first generation purchaser sells their unit. While affordable ownership developers monetize the value of the second mortgage on the resale of units and invest it in replacement units in other developments, public funders have been somewhat uneasy about this approach. Artscape Triangle Lofts demonstrates that it is possible to create affordable ownership housing that can be sold and re-sold at below-market rates.

Making the deal for Artscape Triangle Lofts was the easiest part of the project and implementing it was far more complicated than anyone anticipated. Hundreds of thousands of dollars were invested in legal agreements and Artscape experienced a crash course in condo development and management.

AWARDS

2010 City of Toronto’s Affordable Housing Champion Award

