



## STAFF REPORT ACTION REQUIRED

### Conversion of 717 Broadview Avenue to Affordable Housing by Toronto Community Housing Corporation

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<b>Date:</b>	May 28, 2008
<b>To:</b>	Affordable Housing Committee
<b>From:</b>	Sue Corke, Deputy City Manager and Bruce Bowes Chief Corporate Officer
<b>Ward:</b>	<b>Ward 30 – Toronto Danforth</b>
<b>Reference Number:</b>	P:\2008\Cluster A\AHO\AFS6985

#### **SUMMARY**

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This report seeks authority to transfer the City-owned property at 717 Broadview Avenue (the “Property”) to the Toronto Community Housing Corporation (TCHC) to support the creation of affordable housing. Once conveyed, TCHC will be able to proceed to convert the Property, a former long-term care facility, to approximately 62 self-contained affordable rental apartments for low-income seniors and compatible amenity space.

In short, the new uses ensure that a valuable City asset gets a “new lease on life” by providing affordable housing and new community uses in close proximity to public transit and public services.

To successfully convert the Property to affordable housing, the report recommends funding from the City of Toronto’s Capital Revolving Fund and other City incentives, funding from the Canada – Ontario Affordable Housing Program (AHP) and TCHC equity and financing.

The proposed conversion will help the City achieve its environmental objectives by meeting or exceeding the Toronto Green Development Standards with energy efficiency targets above the Model National Energy Code, reducing greenhouse gas emissions and reducing waste destined for landfill sites through the adaptive reuse of the existing building.

Proceeding with this proposal will contribute to Council’s goal of supporting the creation of 1,000 new affordable homes annually and is consistent with its Housing First policy. This

initiative is one of the last Toronto developments to be funded under the AHP, as program funding has now been fully committed. Council is currently seeking a renewal of the AHP and other federal and provincial housing and homeless programs.

The report also provides information on the community consultation that Council directed the Affordable Housing Office to undertake and outlines the advice and input obtained from local residents, community organizations and businesses, regarding re-development of the Property as affordable housing.

## **RECOMMENDATIONS**

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The Deputy City Manager and Chief Corporate Officer recommend that:

1. Council approve TCHC as the proponent for the conversion of 717 Broadview Avenue to approximately 62 affordable homes for seniors;
2. The City of Toronto enter into an Agreement of Purchase and Sale with TCHC for the sale of 717 Broadview Avenue for the nominal consideration of One Dollar (\$1.00), substantially on the terms and conditions outlined in Appendix A to this report;
3. Each of the Executive Director of Facilities and Real Estate and the Director of Real Estate Services be authorized severally to execute such other consents, licences to enter, approvals, authorizations, directions and other documents as may be required for TCHC to complete its due diligence and pre-development processes;
4. The City Solicitor be authorized to complete the transaction 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 she considers reasonable;
5. Authority be granted to provide capital funding:
  - a. to a maximum of \$3,215,000 from the Capital Revolving Fund for Affordable Housing as a grant, by way of forgivable loan;
  - b. \$2,690,800 from the Provincial portion of the AHP Program through the conversion of AHP Housing Allowance/Rent Supplement funding to Rental and Supportive funding previously approved by Council; and
  - c. \$1,649,200 from the Federal portion of the AHP Program through the conversion of AHP Housing Allowance/Rent Supplement funding to Rental and Supportive funding previously approved by Council;

- all to assist in the construction of the above-mentioned project, on terms and conditions satisfactory to the Deputy City Manager and which terms and conditions may be varied from time to time, as the project progresses and circumstances change;
6. Authority be granted to exempt the project from taxation for municipal and school purposes from the date of the transfer of the Property to TCHC;
  7. Authority be granted for exempting the project from charges, under the *Development Charges Act*, from payment of development fees and charges;
  8. Authority be granted to designate the Project as social housing allowing all or part of the project relief from normal parking standards;
  9. Authority be granted to enter into a municipal capital facility agreement and such other agreements, licences, security and documents in a form approved by the City Solicitor; with TCHC, to provide for the development and operation of approximately 62 units of affordable housing, on such terms and conditions as the Director, Affordable Housing Office considers appropriate and to approve any changes to the Project, during its development that the Director deems to be in the best interest of the City and/or the project;
  10. The Director, Affordable Housing Office be authorized and directed, on behalf of the City, to execute the municipal capital facility agreement and such other agreements and documents deemed necessary to complete the sale of the Property and the financing of the Project, on terms and conditions satisfactory to the Director Affordable Housing Office and in a form approved by the City Solicitor; and
  11. The Affordable Housing Office be authorized to pay all direct and indirect costs of maintaining the building, estimated at approximately \$311,700, including, but not necessarily limited to, hydro, gas, water and security, from the date Council approves the transfer of the Property to TCHC to the date that TCHC takes title to the Property, from the Capital Revolving Fund for Affordable Housing.

### **Financial Impact**

The public benefit resulting from the conveyance and conversion of the Property will be the creation of 62 new affordable rental homes for seniors.

The total capital cost for the conversion of the building to 62 units, minus the land value, is \$13.7 million. This equates to approximately \$221,000 per unit.

The capital funding as outlined in the chart below is recommended from the Canada-Ontario Affordable Housing Program, City sources and TCHC equity and financing.

The municipal property taxes waived over 25 years are estimated to have a net present value of \$613,900. The waived planning fees and development charges are valued at approximately \$320,037.

Federal-Provincial funding is from the reallocation of funds previously approved by Council from the Canada-Ontario Affordable Housing Program in the amount of \$4,340,000. This is comprised of Provincial funding of \$2,690,800 (62% of the total) and Federal funding of \$1,649,200 (38% of the total) The Provincial funding is provided by way of a 20-year affordability payment.

City sources include \$3,215,000 from the uncommitted balance of \$7.296 million in the Capital Revolving Fund (XR1058) for Affordable Housing. The TCHC contribution is approximately \$5,818,000 in equity and financing consisting of approximately \$1,889,000 in equity and approximately \$3,929,000 in financing.

Direct and indirect costs of maintaining the building from the date of Council approval to the date TCHC takes title of the Property is estimated at \$311,700 on an annualized basis (\$25,975 per month for approximately 12 months), with the property maintenance budget currently included in the Operating budget for Shelter, Support and Housing Administration.

Capital Funding for Conversion and Property Purchase	
Canada-Ontario AHP Funding Provincial portion*	\$ 2,690,800
Canada-Ontario AHP Funding Federal portion	\$ 1,649,200
City funds from the Capital Revolving Fund for Affordable Housing	\$ 3,215,000
Approximate TCHC Equity and financing	\$ 5,818,000
Waived Development Charges and Fees (approximate)	\$ 320,037
Capital Funding	\$13,693,037
Property Contribution (2002)	\$ 6,500,000
Total Capital Funding and Contributions	\$20,193,037

\* Note: Provincial funding equal to 62% of the total AHP funding is provided by way of a 20 year affordability payment.

The current appraised value of the property is \$8,300,000.

Other City Contributions	
25 year NPV of Property Tax Exemption	\$ 613,900

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## DECISION HISTORY

At its meeting of October 3, 4, and 5, 2000 and at its Special Meetings held on October 6, 10, 11, and 12, 2000, Council approved the acquisition and renovation of the property at 717 Broadview Avenue at a time of high emergency shelter demand for the purposes of using the existing building for an emergency family shelter. A copy of this report can be found at <http://www.toronto.ca/legdocs/2000/agendas/council/cc/cc001003/adm19rpt/cl023.pdf>

The Agreement of Purchase and Sale was authorized by Council at its Special Meeting held on July 30, 31 and August 1, 2002 after a series of community meetings. The total cost of the acquisition was \$6,500,000 net of Land Transfer Tax and GST. Funding in the amount of \$4,150,000 was contributed by the federal government through the former Supporting Communities Partnership Initiative (SCPI). The balance of funding, \$2,350,000, was provided by the City. A copy of this report can be found at: <http://www.toronto.ca/legdocs/2002/agendas/council/cc020730/adm10rpt/cl029.pdf>

Given that the need for family shelters has dropped significantly since the purchase of the Property in 2002 and the building was no longer required for that purpose, Council at its meeting of December 8, 9 and 12, 2005 directed the Affordable Housing Office to explore affordable, transitional and supportive housing options for the Property as well as to seek advice and input from the local community. The full text of the Council direction can be found in the minutes of Council (pg. 27) [www.toronto.ca/legdocs/2005/minutes/council/cc051208.pdf](http://www.toronto.ca/legdocs/2005/minutes/council/cc051208.pdf))

Council also committed the expenditure of any reallocated funds from the AHP, subject to confirmation of funding, for the redevelopment of the Property, as affordable housing, at its meeting of July, 2007. The Decision Document from this meeting is available at <http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-07-16-cc11-dd.pdf>

Funding was confirmed when the Ministry of Municipal Affairs and Housing approved the City's request to convert a portion of the HARS initiative of approximately \$7,630,000 for rental and supportive housing. Council approved transfer of the funds to the Capital Revolving Fund. Copies of these reports can be found at: <http://www.toronto.ca/legdocs/mmis/2007/cc/decisions/2007-12-11-cc15-dd.pdf>

## ISSUE BACKGROUND

### *Description of the Property and History*

The Property, improved with a 37-year-old seven-storey building, is located just south of Danforth Avenue on the east side of Broadview Avenue and contains an approximate area of 27,540 ft<sup>2</sup> (or 0.63 acres). The gross floor area is approximately 74,945 ft<sup>2</sup> of which 21,175 ft<sup>2</sup> is non-residential common space on the ground floor and basement levels.

There is an existing site specific zoning by-law (307-68) for the Property which reflects the history of the development as a long-term care facility. A residential apartment use is acceptable as of right.

When constructed in 1971 it was occupied by Chester Village, a long-term care facility owned and operated by the Broadview Foundation. In the late 1990's, the Ministry of Health and Long-Term Care changed the standards for long-term care facilities. The Broadview Foundation determined that it was not feasible to renovate the Property to meet the new standards and with the support of the Provincial government built a new facility at Danforth and Warden Avenues and sold the Property.

When the City purchased the Property in 2002, it had planned as soon as possible to use the building as a family shelter. However, the Broadview Foundation encountered delays in building its new facility and with the consent of the City continued to lease the Property until their new building was completed in December, 2006 at which time the City took possession. During the period of time that it took the Foundation to complete the new facility, the need for family shelter space decreased dramatically while the demand for affordable housing continued to rise.

The building has been vacant since December 2006 while the City has maintained and secured the site in order to protect the building and surrounding residential community pending completion of the review and consultations regarding possible use as affordable housing.

#### *Re-Development Study*

The architectural firm of Joe Lobko and Associates was hired in 2005 to conduct a re-development study of the Property and to examine the existing building and site conditions, review the existing zoning, and analyze different housing options. The study provided a basis for considering various affordable housing options and was also used to inform the community consultation process.

The main findings of the study were that:

- although the building was in generally good condition for its age, all the main systems and components needed to be upgraded to meet the current Building and Fire Code and to make the building energy efficient;
- conversion from long-term care rooms and associated care stations to self-contained apartments could yield approximately 54 apartments for singles and families in a mixed-use building or 60 apartments for seniors in a seniors-only building;
- although the conversion is feasible, costs to convert an existing building such as 717 Broadview, given the extent of the work to be undertaken, are not significantly different from new construction as the building envelope and existing layout restrict the number of apartments that can be built;

- the ground floor and basement areas contain a generous amount of non-residential space suitable for a supplemental use such as a daycare centre.

Mr. Lobko attended the first community consultation with the local community and discussed the study and re-development options.

### *The Community Consultation and Engagement Process*

In late 2005 City Council requested that the community be consulted on the potential to convert the Property into affordable housing. Joy Connelly and Jane Adams were hired to develop a consultation framework and organize consultations and report back to the City.

Advice and input from the community was gathered between February and June, 2007.

The consultants held four public consultations in the community. They included an open house at the site, meetings with local organizations and the immediate neighbourhood and a final public meeting. Comments were also collected via e-mail and telephone.

Some 100 people attended the open house, while 50 attended the wrap-up meeting in late June. In all, several hundred comments were gathered and incorporated into a report.

### Results

From the outset, it was apparent that there was strong, unsolicited support for affordable housing at this location. Affordable housing for seniors was the most popular choice, followed by mixed-use housing, which would also include seniors. The community saw mixed-use housing as including single parent (women-led) families, adults with developmental disabilities and new Canadian families, among others.

A secondary consultation dealt with the use of the extensive common or public areas of the building. Suggestions included a childcare or community uses such as classes, an art gallery, meeting space and community kitchen.

The full report is posted on the City's Affordable Housing Office webpage at [www.toronto.ca/affordablehousing](http://www.toronto.ca/affordablehousing). All participants in the consultation were also informed of its posting by email or by telephone. At the time this report was written there were only a few responses, mostly favourable.

## **COMMENTS**

The Property has served the community well these past 37 years as a long-term care facility and remains a valuable city asset. The building was well designed and still presents an attractive architectural presence on Broadview Avenue. The city's ownership provides an unique opportunity to preserve and re-use this community asset. The proposed conversion to

affordable rental housing will provide an up-to-date use of the building and extend its value to the community and the people of Toronto.

In recommending the conveyance of the Property to TCHC for the conversion to affordable housing, City staff have taken into consideration the following factors:

- the high need for seniors affordable housing
- the favourable community feedback
- the least disruptive option within the community
- the ability to renovate the existing building and thereby extend its life
- the available affordable housing program funding to support the conversion
- the ability to provide housing and compatible amenity space
- the capacity, appropriateness and timeliness of TCHC to proceed with the conversion

In addition to the work already undertaken, TCHC conducted its own feasibility study, which included a financial analysis and a further examination of the building, to ensure the proposed conversion to affordable housing would be successful. TCHC has a successful track record for such initiatives, including the conversion of a former long-term care facility to affordable housing at 111 Kendleton Street.

The TCHC proposal recommends retrofitting the building into approximately 62 self-contained apartments designed for low-income seniors, comprised of 54 one-bedroom and eight two-bedroom units. There are almost 17,000 seniors' households waiting for housing on Toronto's Housing Connections list.

The retrofit would involve replacing all major building systems and components at the end of their expected lifespan. For example, a new heating and ventilation system would be installed to replace inefficient electric baseboard heating. New garbage and recycling systems would be installed, as well as the installation of a new roof and a complete set of new windows. Extensive renovations would be required to re-configure long-term care rooms without kitchens to fully self-contained apartments on all residential floors.

The converted building would be designed to meet the Toronto Green Development Standard. Inefficient heating, water and ventilation systems will be replaced, insulation and window systems upgraded, and all fixtures and appliances will be energy efficient. These major improvements will not only reduce ongoing operating costs but will reduce greenhouse gas emissions and urban heat island effects. In addition to the improvements above, the conversion would also include replacing the existing fire-sprinklers.

The estimated capital cost of \$13.7 million or \$221,000 per unit to convert the building is reasonable given the scope of the conversion, energy efficiency goals and design features to enable aging in place. TCHC arrived at the estimate after conducting a through analysis of the renovation costs. The final costs will be arrived at later this year once renovation plans are finalized and the work is tendered.



To assist in completing the work, TCHC is proposing to provide an equity contribution of approximately \$1,889,000 and project financing of approximately \$3,929,000. TCHC's equity contribution is comprised of the proceeds from the sale of 430 Broadview Avenue to the Bridgepoint Health Centre.

Fifty seven units would be rented at an average of 80% of CMHC Average Market Rent at the time of occupancy. Currently, a one-bedroom apartment at 80 per cent Average Market Rent is approximately \$721.00 per month and a two-bedroom is \$857.00. These rents would be affordable to a senior household with a moderate annual income. Deep housing affordability for five units would be assured through a contribution of five rent supplements from TCHC.

Up to 12 of the units would be made available to vulnerable seniors on low incomes and who meet the eligibility criteria consistent with the former Supporting Communities Partnership Initiative.

There is 9,000 ft<sup>2</sup> of non-residential space available on the ground floor and basement which is suitable for a compatible community use. The space contains a commercial kitchen, large dining room, activity rooms and other amenity spaces. TCHC will work with City staff to determine an appropriate community use of this space, which will need to be renovated and rented by a community agency.

At this time, the property has been declared surplus to the City's needs and all steps necessary to comply with the City's real estate disposal process, as set out in Chapter 213 of the City of Toronto Municipal Code including providing public notice of the proposed sale, have been taken.

## **CONCLUSION**

The conversion of the former long-term care facility at 717 Broadview Avenue will utilize a vacant City property and create 62 new affordable rental homes for seniors and compatible amenity space. These new uses will extend the life of the building and provide much-needed seniors' affordable housing near public transit and public services. At the same time, the adaptive re-use of the building advances Toronto's environmental agenda.

TCHC, as the City's housing agency, has the capacity and experience to effectively and efficiently undertake this initiative. Working with TCHC will ensure the conversion is accomplished in a timely matter with the least disruption to the community. Under the direction of TCHC, renovations are expected to begin in early 2009 with the first residents expected to move in by early 2010.

## **CONTACT**

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## **SIGNATURE**

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Sue Corke  
Deputy City Manager

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Bruce Bowes, P.Eng.  
Chief Corporate Officer

## **ATTACHMENTS**

Appendix "A" - Terms and Conditions of Agreement of Purchase and Sale  
Appendix "B" - Location Map

Appendix "A"

Terms and Conditions of Agreement of Purchase and Sale

Subject Property:	717 Broadview Avenue (southeast corner of Broadview and Dearborne Avenues)
Legal Description:	PIN 21064-0028 (LT) PIN 21064-0072 (LT) PIN 21064-0073 (LT) Parcels 1-2, 1-4, 1-5, Section M303, being part of Lot 1, Plan M303
Purchaser:	Toronto Community Housing Corporation ("TCHC")
Recommended Sale Price:	Nominal Consideration (\$1.00)
Closing Date:	December 10, 2008
"As Is" Condition:	TCHC shall accept the Property in "as is" condition and, on closing shall execute and deliver a release in favour of the City, in a form satisfactory to the City Solicitor, in respect of all loss, costs, damages, liability or actions related to the environmental condition of the Property.
Conditions:	Prior to November 15, 2008: 1. Board of TCHC approving the transaction 2. City and TCHC entering into a Contribution Agreement for financing the conversion, satisfactory to both parties

Appendix "B"

