

Status Report of St. Hilda's Towers Seniors Housing

Date: January 10, 2018
To: Executive Committee
From: Director, Affordable Housing Office
General Manager, Shelter, Support and Housing Administration
Wards: Ward 15 - Eglinton-Lawrence

SUMMARY

A Member's Motion adopted at the December 5, 6, 7 and 8, 2017 Council meeting requested that the Director, Affordable Housing Office and General Manager, Shelter, Support and Housing Administration to report to Executive Committee on January 24, 2018 on the results of due diligence in developing a plan to modernize the St. Hilda's Vaughan and the Dufferin Towers.

The Dufferin and Vaughan Towers serve seniors and high needs clients in Ward 15. The two towers contain 314 units and are located at the corner of Dufferin Street and Eglinton Avenue West. A third tower located on the same property is owned by St. Hilda's Towers Lewis Garnsworthy Residence, a related entity to St. Hilda's Towers Inc.

There have been ongoing discussions with the Ministry of Housing and Toronto Central Local Health Integration Network on funding opportunities to undertake the modernization of the Dufferin and Vaughan Towers along with interim funding of \$0.25 million from the City and \$0.45 million from the Toronto Central Local Health Integration Network to allow both towers to continue operations and programs

The City has retained ERA Architects to conduct due diligence work on the two towers and assist in the development of a modernization plan.

The purpose of this report is to update Council on the results of the due diligence to date and recommends continued work to be undertaken with a future report to the Executive Committee on June 19, 2018 recommending a course of action to secure a long-term viable future for the Dufferin and Vaughan Towers and its residents.

RECOMMENDATIONS

The Director, Affordable Housing Office and the General Manager, Shelter, Support and Housing Administration, recommend that:

1. City Council request the Director, Affordable Housing Office and the General Manager, Shelter Support and Housing Administration to continue due diligence activities and report to the June 19, 2018 Executive Committee on a recommended course of action to secure a long-term viable future for the St. Hilda's Towers Inc. Dufferin and Vaughan Towers and the residents there.

FINANCIAL IMPACT

The recommendations in this report have no financial impact.

EQUITY IMPACT STATEMENT

Access to safe, secure, affordable housing in all parts of Toronto is a fundamental goal of the City's Housing Opportunities Toronto Action Plan 2010-2020 and the Housing Stability Service Planning Framework. It also supports the City's Poverty Reduction Strategy.

There are now more Torontonians aged 65 and older than children aged 15 and below. The steady rise in this demographic is heightening the need to protect existing social housing that provides affordable living options for the growing number of seniors in the city. The interim funding to St. Hilda's Towers Inc. will assist in meeting these goals for our aging population.

DECISION HISTORY

At its meeting on December 5, 6, 7 and 8, 2017, City Council adopted MM37.12 "Maintaining and Modernizing Social Housing at St. Hilda's" where Council authorized the Director, Affordable Housing Office and General Manager, Shelter, Support and Housing Administration to undertake discussions with the Ministry of Housing, Toronto Central Local Health Integration Network and Canada Mortgage and Housing Corporation on funding and financing opportunities to undertake the modernization, capital repairs and energy retrofits, including the potential acquisition of the Vaughan and Dufferin towers, and to report to the Executive Committee on January 24, 2018 on the results, including appropriate recommendations.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.MM35.12>

BACKGROUND

Two affiliated corporations own and operate the three St. Hilda's towers located at the corner of Dufferin Street and Eglinton Avenue West. St. Hilda's Towers Inc. owns and operates the Dufferin and Vaughan Towers. St. Hilda's Towers Lewis Garnsworthy Residence owns and operates the third tower.

Within the Dufferin and Vaughan Towers there are two partnership programs with University Health Network offering convalescent care, and assisted living and personal support services funded by the Toronto Central LHIN, along with traditional affordable housing. The average resident age in these towers is 87.

The unit arrangement within the Dufferin and Vaughan Towers is challenging because over 85% of units are undersized bachelor suites with the balance being one-bedroom units, posing significant tenanting and revenue challenges.

The Dufferin and Vaughan Towers are almost 40 years old and have fallen into considerable disrepair primarily due to an inability to generate sufficient revenue. Operations have been negatively impacted by inefficient building systems and an inability to undertake a full modernization of individual apartments and attract new residents.

The table below shows the unit breakdown and capital repair backlog at the two towers.

St. Hilda's Towers Details

Tower	# of Units	Vacancy Rate	Capital Repair Backlog
2339 Dufferin Street (Dufferin Tower)*	111	26%	\$5,100,000
800 Vaughan Road (Vaughan Tower)**	203	56%	\$5,600,000

* CMHC mortgage expiring in 2028

**Mortgage and Operating Agreement expired in 2017
(Capital Backlog- 2017 Building Condition Assessment)

The majority of current residents in the Dufferin and Vaughan towers require assisted living services. The Toronto Central LHIN has a funding agreement with St. Hilda's Towers Inc. providing annual funding of approximately \$1.1 million to provide services required by residents for daily living.

In 2017, St. Hilda's Towers Inc. completed the sale of stand-alone homes on its property to support their operations. Currently St. Hilda's Towers Inc. is operating at a monthly net loss, with 144 of the 314 units vacant or decommissioned.

The Board of Directors has advised the City that a private sector offer was received to purchase the Dufferin and Vaughan Towers. The operating agreement between St.

Hilda's Towers Inc. and the City for the Vaughan Tower expired in September 2017. With the expiry of this agreement St. Hilda's Towers Inc. is not required to maintain the Vaughan Tower as social housing.

Following Council approval of the Member's Motion on December 5, 6, 7 and 8, 2017, the City retained ERA Architects to conduct due diligence and a feasibility study including capital and operating models and strategies for deep energy retrofits.

COMMENTS

ERA Architects Analysis and Options

ERA Architects (ERA) has produced preliminary findings on a feasibility study of the capital requirements and operating needs to transition the two St. Hilda's towers into financially viable and energy efficient assets. Part of ERA's work included a detailed site review and produced a range of options and capital costs to modernize the Dufferin and Vaughan Towers.

Several scenarios were completed by the consultant team that look at the conversion of bachelor units into larger, more marketable units; completing deep energy retrofits and accessibility enhancements such as elevator additions and unit upgrades.

The preliminary capital costing for the modernization work ranges between \$57,000 per unit for light renovations which cover basic capital upgrades identified in the existing building condition assessment, and up to \$95,000 per unit for an extensive rehabilitation.

In order to achieve the maximum benefit and increase the marketability of the two towers, conversion of the smaller bachelor units into larger one-bedrooms along with deep energy retrofits to the building shell would be required. To complete a full modernization for both towers an estimated construction period of 24 months is anticipated.

ERA has also identified opportunities for the modernization to qualify for energy incentives, financing, and funding by government housing programs.

Current and Future Funding Options

City funding of \$0.25 million is available from Shelter, Support and Housing Administration's 2018 operating budget to provide St. Hilda's Towers, subject to an approved Housing Utilization Plan.

The Toronto Central LHIN has been an active partner with the City over the course of the due diligence process. In order to assist St. Hilda's Towers, the Toronto Central LHIN has agreed to provide \$0.45 million in pressure funding until March 31, 2018.

Combined funding will provide \$0.7 million in short term relief to support operations and programming.

The Toronto Central LHIN has indicated that additional funding may be available during the 2018 fiscal year and a capital funding program from the Province known as the Community Capital Program may provide additional funding for eligible modernization work.

The City will also continue to engage other orders of government to explore funding from existing and future affordable and social housing programs.

Next Steps

The initial feasibility work by ERA has demonstrated the potential to modernize the two St. Hilda's Towers and provided order of magnitude capital cost projections. ERA will continue its work and complete the feasibility analysis.

At the same time, the City will continue to work with the St. Hilda's Board of Directors to develop and agree on a long term course of action.

The City is continuing its engagement of the federal and provincial governments along with the Toronto Central LHIN and other stakeholders on the modernization effort.

Staff are proposing to report to the June 19, 2018 Executive Committee on a recommended course of action to secure a long-term viable future for the Dufferin and Vaughan Towers and the residents there.

CONTACT

Sumeet Ahluwalia
Housing Development Officer
Affordable Housing Office
Phone: 416-397-5183
Email: Sumeet.ahluwalia@toronto.ca

Doug Rollins, Director, Housing Stability Services
Shelter, Support & Housing Administration
Phone: 416-392-0054
Email: Doug.Rollins@toronto.ca

SIGNATURE

Sean Gadon
Director, Affordable Housing Office

Paul Raftis
General Manager, Shelter Support and Housing Administration