



STAFF REPORT ACTION REQUIRED

Next Steps in the Modernization of 389 Church Street

Date:	September 3, 2015
To:	Executive Committee
From:	General Manager, Shelter, Support and Housing Administration
Wards:	Ward 27
Reference Number:	

SUMMARY

This report updates City Council on the additional due diligence undertaken by City staff regarding the next steps in the renovation and modernization of 389 Church Street, a thirteen-story residential property owned by the Toronto Community Housing Corporation (TCHC). The shared-housing form in the building is out-dated and has resulted in it being under-occupied with 70 residents currently living in the building representing roughly 30% occupancy.

In July 2015, City Council approved in principle the renovation to create one and two bedroom affordable homes with the interim provision of up to eight floors for transitional housing and shelter services for women and children for a period of up to four years. The initiative supports several of Council's strategic goals including reducing TCHC's overall capital repair backlog and, on an interim basis, serving clients who were identified in SSHA's Shelter Infrastructure Strategy as part of the requirement for additional supports to women and children as a community operator re-locates its housing and shelter services to a new permanent location.

Working with TCHC, the YWCA, and WoodGreen Red Door Family Shelter, City staff completed additional due diligence over the summer to determine the necessary next steps for the project, capital budget requirements, sources of capital and operating funding, and a tenant transition plan to undertake and complete this initiative.

The project budget for the renovation and modernization is estimated at \$12.0 million. Staff will continue to work with the project partners, the project architect and a cost-consultant to verify the capital component estimates, as well as developing a full operating sustainability plan for the long-term operation of the permanent housing.

Start-up costs to renovate three floors to temporarily relocate the Red Door Family Shelter are estimated at \$0.6 million. Upon Council approval of this report, the tenant transition plan would be undertaken this fall and renovations would begin in late 2015. The City's contribution of \$8.8 million would be considered through the 2016 capital budget process.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration (SSHA), recommends that:

1. City Council authorize the General Manager, SSHA to transfer up to \$0.6 million from SSHA's 2015 Approved Operating Budget to Toronto Community Housing Corporation to use as start-up costs to temporarily relocate the Red Door Family Shelter to 389 Church Street; and
2. City Council direct the General Manager, SSHA to report through the 2016 budget process on the City's portion of the capital investments required for the project.

Financial Impact

The financial impact of the renovation of 389 Church Street is estimated to be \$12.6 million and the total project costs will be cost shared between TCHC, the YWCA, and the City. The overall project budget is as follows between the different project components:

Component	Budget (\$ millions)
Renovations (modernization for end use housing)	\$10.0
Renovations (start-up for Red Door)	\$0.6
Design	\$1.0
Permits	\$1.0
Total	\$12.6

TCHC would retain ownership of the building with the renovation and modernization program being funded as follows:

Partner	Cost Share (\$ millions)
TCHC	\$1.0
YWCA	\$0.5
City of Toronto (modernization)	\$8.8
City of Toronto (start-up for Red Door)	\$0.6
Section 37 housing reserve	\$1.7
Total	\$12.6

In addition to the \$12 million required for the overall modernization and renovation project, \$600,000 is available from SSHA's 2015 Approved Operating Budget as start-up costs to make modest improvements to the current building to accommodate occupancy by the WoodGreen Red Door Family Shelter in April 2016. The funding is available in the purchase of service budget for Hostel Services.

The City's contribution to the capital component, \$8.8 million, will be considered as part of the City's 2016 capital budget process.

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

Equity Impact

Housing and homelessness services, including Toronto's social housing and shelter systems, serve equity-seeking groups including women, children, seniors, people with disabilities, individuals with mental health and/or substance use issues, the working poor, and other vulnerable groups. Ensuring there is a range of housing and shelter options for women and children assists vulnerable residents to move back into permanent, stable housing. It also supports the City's poverty reduction efforts.

DECISION HISTORY

At its meeting on July 7, 8, and 9, 2015, City Council adopted EX7.17 "Under One Roof - A Housing Solution for Women and Children at 389 Church Street" where Council approved in principle the renovation and modernization of 389 Church Street over time to create permanent affordable housing with the interim provision of up to eight floors for transitional housing and shelter services for women and children from the WoodGreen Red Door Shelter and the YWCA Beatrice House, and authorized the General Manager, SSHA, to undertake additional due diligence and report back to Executive Committee in the fall on the necessary next steps and capital budget requirements and sources of capital and operating funds required to undertake the initiative.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX7.17>

At its meeting on May 5, 6 and 7, 2015, City Council adopted EX5.12 "Securing a Future for the Red Door Shelter." The report provided City Council with an update on the work

undertaken by staff to secure a long-term home for the WoodGreen Red Door Family Shelter as part of the redevelopment of 875 Queen Street East. While the site is being redeveloped, a temporary space is needed for the Red Door Shelter to ensure continuity of service within the family shelter sector.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX5.12>

At its meeting on March 31, April 1 and 2, 2015, City Council adopted CD2.2 "Infrastructure and Service Improvement Plan for the Emergency Shelter System" which sets out an infrastructure and service improvement plan to guide the transformation of the emergency shelter system and requested staff to identify sites for 15 additional emergency shelters over the next five years.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD2.2>

At its meeting of December 16, 17, and 18, 2013 City Council unanimously adopted CD25.10, *2014-2019 Housing Stability Service Planning Framework* (HSSPF). The HSSPF includes a Strategic Directions to continue to maintain a strong emergency shelter system and to create housing opportunities for vulnerable households in Toronto. The Framework also identified key actions focused on leveraging shelter and housing assets to create a range of housing solutions and to ensure services are responsive to specific client groups including women.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD25.10>

At its meeting of August 5 and 6, 2009, City Council adopted The *Housing Opportunities Toronto Affordable Housing Action Plan 2010-2020* (HOT Plan). The HOT Plan introduced the Toronto Housing Charter which includes a policy statement about all residents having access to a safe, secure, affordable, well-maintained, and affordable home, and requests that the provincial government implement a fully funded long-term affordable housing plan consistent with the City's 10 year Action Plan.

<http://www.toronto.ca/legdocs/mmis/2009/cc/decisions/2009-08-05-cc38-dd.htm>

ISSUE BACKGROUND

389 Church Street is an underoccupied 13-storey residential building on the north-east corner of Church and Granby Streets just south of Carlton Street in Ward 27. The property is owned and operated as social housing by the Toronto Community Housing Corporation (TCHC). TCHC has a contract with Greenwin Properties for day-to-day property management.

The building's layout of mostly shared accommodation has not adapted well to its current use as social housing for rent geared to income (RGI) residents. Currently, the building has 70 TCHC women residents spread out over 10 floors which represents a 30% occupancy. In addition to the physical constraints, TCHC has been challenged in keeping the building in a good state of repair given the overall backlog of repairs within its housing portfolio.

In July 2015, City Council approved in principle that 389 Church Street be modernized and renovated to create self-contained one and two bedroom affordable homes for women and children and authorized City staff to complete more extensive due diligence over the summer. City Council also approved that over the short-term up to eight floors be set aside to continue to provide one floor for the Fred Victor Centre women's program, and up to seven other floors to accommodate the WoodGreen Red Door Family Shelter and housing program and a YWCA transitional housing program.

On an interim basis this initiative would serve clients who were identified as part of the requirement for additional supports to women and children identified in SSHA's Shelter Infrastructure Strategy. The initiative also supports Council's strategic goal of reducing TCHC's overall capital repair backlog and is consistent with the Strategic Directions set out in the *2014-2019 Housing Stability Service Planning Framework* to create housing opportunities by leveraging existing social housing assets as well as with the City's affordable housing goals set out in the HOT Plan.

COMMENTS

Since July, City staff and project participants have completed additional due diligence to determine the scope and timing of the modernization plans, the overall project budget as well as capital and operating budget funding sources, and transition plans for the current TCHC residents.

Scope and Timing of Renovation and Modernization Program

The renovation and modernization program has been designed to address the transition to affordable permanent housing with a range of changes for the entire building. Overall, upon completion, the building will provide 110 permanent self-contained rental units with a mix of one and two bedroom units.

From top to bottom the modernization by floor would consist of:

- first floor would be renovated into program space to provide support for residents;
- second floor would continue to be occupied by the Fred Victor Centre for a program for older women;
- floors three to five will be adapted through minor renovations to accommodate the WoodGreen Red Door Family Shelter on a temporary basis for up to three years while their new permanent home at 875 Queen Street East is developed. Once the Red Door relocates to their new home on Queen Street, the floors would be renovated into self-contained one and two bedroom apartment units; and
- floors six through thirteen would be renovated into self-contained one and two bedroom apartment units including some programming space to be operated by the YWCA.

A project of this scale and complexity will require 18 to 24 months to complete. The timing and sequencing of the full renovation and modernization will be considered through the 2016 budget process. The renovations to floors 3 through 5 to accommodate the Red Door need to start in late 2015 given they are required to move from their existing location by April 1, 2016.

As the current TCHC tenants will be required to relocate so the building can be fully modernized, TCHC, the YWCA and the City have been working together to develop the details of a tenant transition plan, which will be fully reviewed and discussed with residents.

Overall Budget and Sources of Funding

Based on the current architectural drawings, the overall capital project budget for the renovation and modernization of 389 Church Street is estimated at \$12 million.

Several sources of funding have been identified for the project that would reduce the City's overall direct contribution. These include:

- \$1 million in state of good repair funding being invested by TCHC in 2015 for replacing the roof, repairing walls, and upgrading accessibility;
- \$1.734 million in Section 37 contributions from local developments; and
- \$0.5 million from the YWCA.

The City's capital contributions to the project are estimated at \$8.8 million and will be considered through the 2016 budget process. SSHA has also identified approximately \$600,000 within its current budget allocation to fund the start-up costs needed to enable the Red Door to relocate from its premises on Queen Street East by April 1, 2016.

Operating funding is provided to both Red Door and the YWCA through SSHA's operating budget for shelter services. Thus, operating funding will remain available for both these operators at the 389 Church Street location.

Operating Sustainability

The City is working with the YWCA to ensure that, upon completion of the modernization program, the necessary rental revenues and other funding sources are available over the long-term to cover the annual operating cost, property management services, rental assistance to residents, resident support services, and ongoing capital upkeep of the term of the lease.

Staff will report on the operating sustainability plan as part of the approval process for the City's portion of the capital funding.

Transition Plans for Current TCHC Residents

As noted above, the City, TCHC, and the YWCA have been developing a transition plan for the 70 residents living at 389 Church Street. The plan will provide financial and housing assistance in relocating residents to alternate housing in the TCHC portfolio. It contemplates partnering with the YWCA to establish a “resident centre” at 389 Church Street to provide housing and other supports to tenants. The supports provided by the YWCA will include working one-on-one with each resident to develop an individualized housing plan based on the tenant's preferences and needs. A key component of the individualized housing plans will also be determining the tenant's housing goal, including whether they wish to return once renovations are completed. These activities will complement relocation support that TCHC provides to tenants.

CONCLUSION

The renovation and modernization of 389 Church Street is an important initiative to assist low income and marginalized women in need of shelter and housing services.

The approval of the recommendations in this report will launch the next steps in the modernization plan and provide the project participants with the confidence that the City is proceeding with this initiative.

The plan also accommodates the WoodGreen Red Door Family Shelter on an interim basis when they are required to move from their current location possibly as early as April 2016.

At the same time the City will process the additional capital funding request required through its 2016 budget process.

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