



**STAFF REPORT
ACTION REQUIRED**
with Confidential Attachment

**New Affordable Non-Profit Housing Opportunity on
Homewood Avenue**

Date:	November 17, 2015
To:	Affordable Housing Committee Executive Committee
From:	Deputy City Manager, Cluster A Deputy City Manager & Chief Financial Officer
Wards:	Ward 27 – Toronto Centre-Rosedale
Reason for Confidential Information:	This report is about a proposed or pending land acquisition by the City or one of its agencies, boards, and commissions.
Reference Number:	P:\2015\Internal Services\CFO\ec15003cfo (AFS # 22101)

SUMMARY

In October 2015 City Council directed staff to conduct due diligence on the acquisition and renovation of 63 and 65 Homewood Avenue (the "Properties"). The opportunity to purchase the Properties arose out of a development application on a related site that did not proceed. Since that time the owner has approached the City with an interest in selling the existing 20-room bed and breakfast, which the City would have converted to affordable rental housing.

This report outlines the opportunity to convert the Properties to affordable rental housing and outlines the acquisition and renovation costs and funding sources; seeks authority to negotiate the purchase of the Properties for affordable rental housing purposes; and outlines next steps, including authority for staff to conduct a request for proposals process for a non-profit housing group to renovate, lease, and operate the Properties. The Properties are shown on the location map attached hereto at Appendix "B".

RECOMMENDATIONS

The Deputy City Manager, Cluster A and Deputy City Manager & Chief Financial Officer recommend that:

1. City Council authorize the Chief Corporate Officer to negotiate the acquisition of the Properties with the owner/vendor at a maximum purchase price as outlined in Confidential Attachment 1, in consultation with the Director, Affordable Housing Office, and authorize the City to enter into an agreement of purchase and sale substantially on the terms outlined in Appendix "A" to this report and on such other terms and conditions and such related documents as may be acceptable to the Chief Corporate Officer, in consultation with the Director, Affordable Housing Office, and in a form satisfactory to the City Solicitor;
2. City Council amend the 2015 Shelter, Support and Housing Administration Capital Budget by adding a new capital project called "63 and 65 Homewood Avenue Acquisition" as outlined in Confidential Attachment 1, if Real Estate Services is successful in entering into an Agreement of Purchase and sale for the Properties including all fees and disbursements, to be fully funded by Section 37 (XR3026) as outlined in the Confidential Attachment 1 when the negotiations are successfully completed;
3. City Council adopt the confidential instructions to staff in Confidential Attachment 1 to this report.
4. City Council authorize the Chief Corporate Officer to administer and manage the transaction, in consultation with the Director, Affordable Housing Office, including the provision of any consents, approvals, waivers and notices, provided that she may, at any time, refer consideration of any such matters (including their content) to City Council for its consideration and direction if Real Estate Services is successful in entering into an Agreement of Purchase and sale for the Properties;
5. City Council authorize the City Solicitor to complete the contemplated 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 if Real Estate Services is successful in entering into an Agreement of Purchase and sale for the Properties;
6. City Council direct that Confidential Attachment 1 remain confidential as it pertains to a proposed or pending land acquisition by the City or one of its agencies, boards, and commissions;

Proposal Call

7. City Council grant and authorize the Director, Affordable Housing Office to issue an open and transparent competitive proposal call to non-profit affordable rental housing providers and to select the best proponent, in his sole discretion to lease, renovate and operate the Properties;

Lease

8. City Council authorize the Chief Corporate Officer, in consultation with the Director, Affordable Housing Office to negotiate and enter into a lease for the Properties for a term of up to 50 years and for nominal rent with the non-profit affordable rental housing operator selected through the process set out in Recommendation 6 above, together and any other agreements or documents required to give effect to the foregoing;

Renovation

9. City Council authorize the Director, Affordable Housing Office to recommend to the Municipal Property Assessment Corporation that the Properties be exempt from taxation for municipal and school purposes;
10. City Council authorize the Director, Affordable Housing Office to designate the Properties as social housing for the purpose of allowing all or part of the Properties relief from normal parking standards;
11. City Council authorize the Director, Affordable Housing Office, to negotiate and enter into, on behalf of the City, a municipal capital facility agreement with respect to the operation and the new affordable rental housing, on terms and conditions satisfactory to the Director and in a form approved by the City Solicitor;
12. City Council grant authority to the City Solicitor to execute any documents required to register security for the capital renovation funding and to postpone, confirm the status of, and discharge the security when and if necessary.

Financial Impact

Funding for the purchase of 63 and 65 Homewood Avenue has been secured through Section 37 funds (Planning Act Reserve Fund) from Ward 27.

The Approved 2015 Capital Budget of Shelter, Support and Housing Administration Capital Budget will be amended by the addition of a project "63 and 65 Homewood Avenue Acquisition" with funding provided from the Section 37 funds outlined in the Confidential 1 attachment.

The renovation costs are unknown at this time. The City's *Toronto Renovates Program* will contribute up to \$24,000 per apartment constructed at the Properties. *Toronto Renovates* is funded by the Federal and Provincial Governments through the *Investment in Affordable Housing Program*. The number of apartment units constructed at the Properties will be determined through a proposal call process. A maximum grant funding of up to \$720,000 will be made available under the Toronto Renovates Program which is included in the 2016 Operating Budget submission for Shelter, Support and Housing Administration. Once the renovation program has been prepared and finalized the non-

profit operator may also be required to contribute equity to the project with no impact on the City as it is anticipated that the *Toronto Renovates* contribution will not be sufficient to pay for the full cost of renovation required to bring the properties up to non-profit affordable rental housing industry standards.

The purchase of 63 and 65 Homewood Avenue properties will expand the City's asset inventory. The on-going maintenance costs and costs to maintain these properties in a state of good repair will be funded by the non-profit housing group.

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

Equity Impact

Access to safe, secure, affordable housing in all parts of Toronto is a goal of the City's 10-year *Housing Opportunities Toronto Action Plan 2010-2020* and supports the City's *TO Prosperity: Toronto Poverty Reduction Strategy*.

The new affordable units anticipated through the purchase and renovation of 63 and 65 Homewood Avenue will provide affordable housing opportunities for equity seeking groups such as homeless people, aboriginal peoples, victims of domestic violence, youth and lower-income individuals in need of affordable housing.

Lack of access to affordable housing is a barrier to lower-income people living in Toronto. The property acquisition and renovation funding recommended in this report will address this barrier by providing new affordable rental housing for lower-income people in partnership with the non-profit sector.

DECISION HISTORY

At its meeting of May 5, 6 and 7, 2015, Council adopted TE5.79 *Request for Direction Report – 175-191 Dundas Street East and 235 Jarvis Street – Zoning Amendment Application* which requested the Director, Affordable Housing Office work with Real Estate Services to conduct due diligence concerning the purchase and renovations to 63 and 65 Homewood Avenue for conversion to non-profit affordable rental housing under terms of a Section 37 Agreement drafted between the City and the developer of 175-191 Dundas Street East and 235 Jarvis Street. The Section 37 Agreement was not executed and the affordable housing opportunity was not pursued.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.TE5.79>

At its meeting of September 30, October 1 and 2, 2015, City Council adopted MM9.29 *New Affordable Non-Profit Housing Opportunity on Homewood Avenue* requesting staff report to the November 26, 2015 Affordable Housing Committee meeting on due diligence for the purchase, conversion and renovation of 63-65 Homewood Avenue to non-profit affordable rental housing.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.MM9.29>

ISSUE BACKGROUND

On May 5, 6 and 7, 2015, Council adopted *Request for Direction Report – 175-191 Dundas Street East and 235 Jarvis Street – Zoning Amendment Application* (TE5.79) which requested the Director, Affordable Housing Office in consultation with the Real Estate Services to conduct due diligence on the purchase and renovations to 63 and 65 Homewood Avenue. The purchase was proposed under the terms of a Section 37 Agreement drafted between the City and the developer of 175-191 Dundas Street East and 235 Jarvis Street. The Section 37 Agreement was not executed and the affordable housing opportunity was not pursued.

The Properties are currently operated as a 20-room bed and breakfast. The acquisition, conversion and renovation of the properties to new affordable rental housing will be funded in part by the City's *Toronto Renovates Program*. The *Toronto Renovates Program* is funded by the Federal and Provincial governments through the *Investments in Affordable Housing Program* to assist owners providing affordable rents for low to moderate income renters, seniors and persons with disabilities.

In spring 2015, staff from the Affordable Housing Office participated in a guided market sounding tour of the Properties hosted by the local Councillor Kristyn Wong-Tam. Non-profit affordable housing groups were also present and showed interest in operating and renovating the Properties.

COMMENTS

Acting on City Council's direction from September 30, October 1 and 2, 2015, the Director, Affordable Housing Office, in consultation with the Real Estate Services has conducted due diligence on the Properties and are in negotiations with the owner/vendor in acquiring the Properties. The acquisition of the Properties is recommended and appropriate to create new affordable rental apartments.

Funding to purchase the Properties is available through Section 37 (Planning Act Reserve Funds) funds from Ward 27. Refer to Confidential Attachment 1 – Acquisition of 63 and 65 Homewood Avenue for further details.

City Staff anticipate substantial additional costs will be incurred to renovate the Properties to non-profit affordable rental housing industry standards. Additional funding to renovate the properties will be made available through the *Toronto Renovates Program* up to a maximum of \$24,000 per apartment. Essential repairs supported by the *Toronto Renovates Program* to the Properties will focus on principals of well-being and health and safety. As part of the RFP process the City will request non-profit organizations to outline the equity contribution that they could make to the project.

An environmental site assessment to confirm that the Properties meet the Ministry of the Environment standards or other requirements for the City's intended use of the Property as a residential home has been acquired.

Should negotiations proceed as intended with the owner/vendor and upon approval of this report, the Affordable Housing Office will issue an open, transparent and competitive proposal call seeking a non-profit affordable rental housing operator to lease, renovate and manage the Properties. The selected non-profit will enter into a long-term, nominal payment lease with the City for the Properties.

This report was prepared in coordination with the Real Estate Services Division.

CONCLUSION

The recommended acquisition and renovation of the buildings at 63 and 65 Homewood Avenue, which currently operate as a bed and breakfast, will provide much-needed affordable rental housing in a downtown neighbourhood contending with gentrification and the loss of affordable housing. The Affordable Housing Office and the Real Estate Services staff will continue to work together to ensure the successful completion of the project, including the selection of a non-profit operator.

CONTACT

Sean Gadon, Director
Affordable Housing Office
Phone: 416-338-1143
Fax: 416-392-4219
Email: sgadon@toronto.ca

SIGNATURES

Giuliana Carbone,
Deputy City Manager, Cluster A

Roberto Rossini
Deputy City Manager & Chief Financial
Officer

ATTACHMENTS

Appendix A – Terms and Conditions
Appendix B – Location Map
Confidential Attachment 1 – Acquisition of 63 and 65 Homewood Avenue

Appendix "A" – Terms and Conditions

63 Homewood Avenue

Owner: Mayfair Villa Inc.
Legal Description: Part Lot 97, Plan D30
Approximate Area: 3,750 Square Feet

65 Homewood Avenue

Owner: Dolores Thompson-Wood
Legal Description: Part Lot 97, Plan D30
Approximate Area: 3,750 Square Feet

Appendix "B" – Location Map

