



**STAFF REPORT
ACTION REQUIRED**
with Confidential Attachment

**Acquisition of Shelter Space at 875 Queen Street East –
Securing a Future for the Red Door Shelter**

Date:	January 29, 2016
To:	City Council
From:	Deputy City Manager & Chief Financial Officer
Wards:	Ward 30
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:\2016\Internal Services\Cfo\Cc16002Fp

SUMMARY

This report responds to the Toronto and East York Community Council request that the Deputy City Manager & Chief Financial Officer report directly to City Council at its meeting of February 3 and 4, 2016 on the required financial contribution from the City's Land Acquisition Fund to support the project detailed in the report entitled "Final Report – 875-887 Queen Street East – Official Plan Amendment and Zoning Amendment Applications" from the Director of Community Planning, Toronto East York District.

In May, 2015 City Council authorized funding from the Land Acquisition Reserve Fund to support the purchase of shelter space at 875 Queen Street East and authorized staff to negotiate a long-term, below-market lease with the Red Door Family Shelter.

In the course of development review process for the project, the owner of 875-887 Queen Street East was required to make modifications to the development and requested that the purchase price of the shelter space be increased by \$419,239.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer recommends that:

1. City Council approve an increase in the purchase price of the shelter space at 875 Queen Street East by the sum of \$419,239.
2. City Council authorize payment of \$419,239 from the Land Acquisition Reserve Fund – XR1012 (“LARF”) to enable payment of the increased purchase price of the shelter space at 875 Queen Street East.
3. City Council amend the 2016-2025 Capital Budget and Plan for Shelter, Support and Housing Administration to increase the project cost of the Council approved capital project known as “Shelter Land Acquisition” by \$419,239 funded from LARF and increase the 2017 cash flow by \$419,239.
4. City Council authorize the public release of the confidential information in Confidential Attachment 1 upon the completion of the purchase transaction involving the acquisition of the shelter space at 875-887 Queen Street East.

Financial Impact

The Preliminary 2016-2025 Preliminary Capital Budget and Plan for Shelter, Support and Housing Administration (“SSHA”) includes a capital project known as “Shelter Land Acquisition” fully funded from LARF for the acquisition of the shelter space at 875 Queen Street East.

Approval of this report will amend the 2016 SSHA Capital Budget and 2017-2025 Capital Plan by increasing the project cost and 2017 cash flow by \$419,239 funded from LARF.

There is no debt funding approved for this project and there will be no additional annual operating costs resulting from the adoption of this Report.

DECISION HISTORY

On May 5, 6 and 7, 2015, City Council approved recommendations in the report “Securing a Future for the Red Door Shelter” (EX5.12) from the General Manager, Shelter, Support and Housing Administration and the Chief Corporate Officer.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX5.3>

At its meeting on January 19, 2016, Toronto and East York Community Council in considering the report from the Director, Community Planning, Toronto and East York

District entitled "Final Report - 875-887 Queen Street East-Official Plan Amendment and Zoning Amendment Applications" (TE13.6), recommended the following:

- a. That City Council adopt the recommendations in the report from the Director, Community Planning, Toronto and East York District, to approve the Official Plan Amendment and Zoning Amendment Applications for 875 and 887 Queen Street East; and
- b. That Deputy City Manager & Chief Financial Officer report directly to City Council on February 3 and 4, 2016 on the required financial contribution from the City's Land Acquisition Fund to support the project as detailed in the above report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.TE13.6>

ISSUE BACKGROUND

On May 5, 6, and 7, 2015 City Council approved recommendations in the report "Securing a Future for the Red Door Shelter" from the General Manager, Shelter, Support and Housing Administration and the Chief Corporate Officer. This included a purchase price of approximately 20,000 square feet in the proposed new mixed-use development at 875 and 887 Queen Street East.

COMMENTS

The City has made it a priority to purchase a constructed shelter at the new development at 875 and 887 Queen Street East. In 2015, Council also approved the necessary capital funding and approved entering into a long-term lease with the Red Door Family Shelter to operate a City-owned shelter at this location.

City Council on February 3 and 4, 2016 will also consider the recommendations of the January 19, 2016 Toronto and East York Community Council to approve the proposed Official Plan Amendment and Zoning Amendment for 875 and 887 Queen Street East. The approval would allow the mixed-use development to proceed. Upon final approval, the applicant will market the project and conclude negotiations with the City to construct the shelter.

As a result of increased construction costs determined in the course of the development approval process, the applicant (owner) requested an increase in the purchase price of the shelter space to be acquired by the City. Real Estate Services staff have reviewed the range of costs for this type of facility and have determined that the increased purchase price requested falls within that range of costs. Consequently, the increased purchase price would be considered a fair market transaction.

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SIGNATURE

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