

## **Providing New Housing Opportunities at 389 Church Street**

**Date:** March 9, 2017  
**To:** Affordable Housing Committee  
**From:** Deputy City Manager, Cluster A  
Deputy City Manager & Chief Financial Officer  
**Wards:** Ward 27 Toronto Centre-Rosedale

### **SUMMARY**

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This report recommends that the City support the creation of new housing opportunities at 389 Church Street by entering into agreements with Toronto Community Housing Corporation ("TCHC") to fund pre-development work necessary to convert the property at 389 Church Street, located in Ward 27 Toronto Centre Rosedale, into self-contained affordable rental housing.

The report recommends reallocation of debt funding of \$8.800 million for the "389 Church Street Capital Project", included in the 2017-2026 Capital Budget and Plan for the renovation and modernization of the facility, to be redirected to replace the reserve draw from the Social Housing Stabilization Reserve fund for the "GSR - Phase 2- Transition-Seaton House project". In addition, the report seeks Council's authority to amend the 2017 Approved Operating Budget for Shelter, Support and Housing Administration by up to \$0.500 million gross, \$0 net, with funding provided from the Social Housing Stabilization Reserve Fund to complete the necessary pre-development due diligence to be conducted by TCHC for this facility. These activities include, but are not limited to, securing and managing consultants to undertake design development work, determining capital cost requirements and obtaining engineering and other necessary reports needed to determine a detailed capital cost for the conversion of 389 Church Street.

Up to \$500,000 will be advanced to TCHC upon the execution of a pre-development agreement securing the City's investment in the 389 Church Street conversion project.

Following the completion of pre-development activities, staff will report back on an action plan to initiate the creation of new affordable rental housing to serve high priority client groups.

## RECOMMENDATIONS

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

1. City Council authorize the Director, Affordable Housing Office to negotiate, enter into and execute on behalf of the City, agreements or other documents with Toronto Community Housing Corporation ("TCHC") to fund, to a maximum cost of \$500,000, including HST and disbursements, from the 2017 Shelter, Support and Housing Administration ("SSHA") Operating budget, TCHC's pre-development and due diligence related matters in relation to the development of TCHC's site at 389 Church Street, on terms and conditions satisfactory to the Director, Affordable Housing Office, and in a form satisfactory to the City Solicitor.
2. City Council direct the General Manager, Shelter, Support and Housing Administration, and the Director, Affordable Housing Office, to report to Council by October 2017, any impacts on the Operating Budgets for Shelter, Support and Housing Administration and the Affordable Housing Office, once funding details have been identified.
3. City Council authorize an increase to the 2017 Approved SSHA Operating Budget of \$0.5 million gross, \$0 net funded by a draw from the Social Housing Stabilization Reserve (XQ1106). The money will be provided to TCHC pursuant to the pre-development agreement outlined in Recommendation 1 above.
4. City Council authorize the transfer of \$8.8 million in debt from capital account CHS039, 389 Church Street, to CHS040, George Street Revitalization; and the transfer of \$8.8 million from CHS040 to XQ1106, Social Housing Stabilization Reserve.
5. City Council authorize the transfer of \$1.738 million from CHS039, 389 Church Street to XR3026, the Section 37 Reserve.

### Implementation Points

Upon Council approval of this report, the City will proceed to execute the necessary agreements to allow for TCHC to commence pre-development due diligence on 389 Church Street.

Upon completion of the work contemplated under a pre-development agreement with TCHC, staff will report back to Council with a detailed action plan for next steps for the creation of new affordable rental housing.

Staff will explore the potential to leverage future federal/provincial housing funding and energy efficiency funds for this project.

## FINANCIAL IMPACT

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Funding of \$10.538 million, as detailed below, is included in the SSHA's 2017-2026 Approved Capital Budget and Plan for the 389 Church Street Capital project for the renovation and modernization of the facility. The original renovation plan envisioned 132 permanent self-contained one and two bedroom affordable housing units for women and children to accommodate the Red Door family shelter, housing units, and programming space for support services. Subsequently, the Red Door Family Shelter found a more suitable location in Ward 30, at Gerrard and Coxwell, necessitating the shelter component to be removed from the 389 Church Street building.

Source	Project Budget
Section 37	\$1,738,000
Debt Funding	\$8,800,000
Total:	\$10,538,000

As shown above, the two funding sources for the 389 Church project are debt and Section 37 funding. The recommended actions included in this report will return \$1.738 million, back to the Section 37 reserve account, XR3026; and transfer \$8.8 million in debt financing from 389 Church Street, CHS039, to the George Street Revitalization (GSR) account, CHS040. The debt money to GSR would free up \$8.8 million to be returned to the Social Housing Stabilization Reserve, XQ1106.

This will require a budget adjustment to SSHA's 2017-2026 Capital Budget and Plan to allow funds to be returned to the Section 37 Reserve Account and the Social Housing Stabilization Reserve.

Since the property at 389 Church Street, located in Ward 27 Toronto Centre Rosedale, will now be converted into self-contained affordable rental housing, TCHC will oversee the development of the property. As the Capital Plan for TCHC is not part of the City Capital Budget and Plan, it is more appropriate that the 389 Church Street capital project be closed. Funding of up to \$0.500 million will be provided to TCHC through the operating budget of SSHA, in the form of a transfer payment, when the project is ready to move forward.

To facilitate this, an in-year budget adjustment of \$0.5 million gross, \$0 net to the 2017 Approved Operating Budget of SSHA is required, funded by a \$0.5 million draw from the Social Housing Stabilization Reserve, XQ1106. The money would be provided to TCHC to complete due diligence studies needed to determine the overall development budget to convert 389 Church Street into self-contained affordable housing.

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

## **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. Providing new affordable housing is also a goal of the City's Poverty Reduction Strategy.

The modernization of 389 Church Street will provide a mix of housing opportunities for a diverse group of lower-income Toronto residents and assist the City in ensuring that long-term affordability targets are maintained.

## **DECISION HISTORY**

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At its meeting on September 30, 2015, City Council adopted EX8.10 "Next Steps in the Modernization of 389 Church Street" where Council authorized the General Manager, SSHA to report through the 2016 budget process on the City's portion of the capital investments required for the project and work with TCHC and other agencies to relocate tenants at 389 Church Street for the purposes of redevelopment.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.10>

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>

## **BACKGROUND**

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The property at 389 Church Street is an underutilized thirteen-storey TCHC building on the north-east corner of Church and Granby Streets just south of Carlton Street in Ward 27 Toronto Centre-Rosedale.

In September 2015, City Council approved funding for the renovation and modernization of 389 Church Street. At the time the building was to be converted to temporarily accommodate the Red Door Family Shelter and provide programming space for support services. In 2016, the Red Door Family Shelter found a more suitable location in Ward 30 Toronto-Danforth.

TCHC has relocated 69 female residents from 389 Church Street to other accommodations within their portfolio and has provided them with a first right to return upon completion of the modernization. The YWCA has assisted in the relocation and will continue to provide follow-up support to relocated tenants. Due to poor conditions and an extensive capital repair backlog, the majority of this facility is not fit for occupancy and remains vacant of all TCHC residents.

The Fred Victor Centre currently operates a women's transition to housing program on the second floor which received capital upgrades in 2014. This program has 23 beds used by the Fred Victor Centre. COTA Health also operates a drop-in for men with mental health issues in programming space on the main floor which is accessed through a separate entrance off Granby Street. Both groups are on month-to-month leases. The City is working with these organizations in finding suitable alternate accommodations.

There is an active commercial tenant operating a restaurant on the ground floor which will remain occupied through the modernization.

## **COMMENTS**

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Building on recommendations from both the Mayor's Task Force report on TCHC and the July 2016 report to Council entitled *Tenants First - A Way Forward for Toronto Community Housing and Social Housing in Toronto*, 389 Church Street presents itself as an opportunity to alleviate the capital repair backlog at a centrally located property.

Since 2015, some capital repairs have been completed by TCHC including \$700,000 on a roof replacement and other interior works. However, the building being designed in the 1970s for congregate living is not functional in its current state and requires extensive modernization.

To facilitate the modernization of this property, TCHC will project manage and conduct all pre-development due diligence and future capital delivery, in coordination with the Affordable Housing Office.

The purpose of the pre-development due diligence is to determine a construction cost to complete and operational viability.

TCHC and the City will also review options to leverage federal/provincial and energy efficiency funding to support the modernization. Recently announced provincial funding for supportive housing may also be utilized to provide capital and operating support for the modernization project.

## **Non-Profit Housing Operator**

Proceeding with the modernization at 389 Church Street provides a unique opportunity to pilot a partnership with a qualified supportive housing non-profit partner, who will over the long-term provide resident supports and management.

Based on a Housing First model aimed at ending homelessness through a range of approaches, partnerships and supports that help people to find and keep housing, the future non-profit operator will be selected on its ability to provide a suite of transitional and supportive services for new and returning residents.

The operator will be selected through a competitive process and will work with the City to develop an access plan for the new and returning residents. The Tenants First project team will participate in the selection of the non-profit.

The pre-development due diligence phase will assist TCHC and the City in finalizing a proposed capital and operating budget.

## **Modernization Timeline**

The preliminary due diligence phase is scheduled to be undertaken over approximately six months. Staff will report back to Council before the end of 2017 on an action plan and progress update for the next steps.

## **CONCLUSION**

This report recommends approval to support efforts to create a range of new housing opportunities at 389 Church Street by entering into agreements with TCHC to fund pre-development work necessary to convert the property at 389 Church Street into self-contained affordable rental housing.

The report recommends funding up to \$500,000 to TCHC for the purpose of conducting pre-development activities at 389 Church Street, in coordination with the Affordable Housing Office.

This modernization will contribute to the City's efforts to create affordable homes for high-priority client groups by working with community based non-profits.

## **CONTACT**

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## **SIGNATURE**

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