

Creating Transitional Housing at 9 Huntley Street

Date: November 15, 2017
To: Executive Committee
From: Director, Affordable Housing Office
Deputy City Manager, Internal Corporate Service
Interim Chief Financial Officer
Wards: Ward 27 Toronto Centre-Rosedale

SUMMARY

In July, 2017 City Council directed City staff to conduct the necessary due diligence for the City to purchase 9 Huntley Street from Casey House and to report to Council on the possibility of the City acquiring the property to support homeless persons living with HIV/AIDS.

This report provides the results of that work and recommends that the City purchase the property at the below market rate of \$4,675,000 and any closing costs identified by Real Estate Services estimated at \$225,280. To support the purchase, the report recommends funding from the federal-provincial Investment in Affordable Housing (2014 Extension) program and the City's Land Acquisition Reserve Fund (LARF) (XR 1012).

The report also recommends that the City enter into a 20-year lease with Fife House for a nominal sum to provide transitional housing for 20 vulnerable men who have HIV/AIDS and who are chronically homeless or at risk, and who are accessing the emergency shelters.

This new Fife House program will stabilize the housing of these individuals, improve health outcomes and reduce the use of emergency services.

RECOMMENDATIONS

The Director Affordable Housing Office, the Deputy City Manager, Internal Corporate Services and the Interim Chief Financial Officer recommend that:

1. City Council authorize the Director, Affordable Housing Office, to submit a request to the Ministry of Housing for funding through the federal/provincial Social Infrastructure Fund - Investment in Affordable Housing for Ontario Program - Rental Component in the amount of \$3,000,000 to be used by the City to fund the acquisition (\$2,700,000) and rehabilitation (\$300,000) of 9 Huntley Street.

2. City Council authorize the Director, Affordable Housing Office, in consultation with the Deputy City Manager, Internal Corporate Services, to provide capital funding from the Land Acquisition Reserve Fund (XR1012) in an amount not to exceed \$2,200,280 to fund the acquisition, including applicable closing costs, of 9 Huntley Street.
3. City Council authorize the Deputy City Manager, Internal Corporate Services to negotiate, in consultation with the Director, Affordable Housing Office, the acquisition of the property known municipally as 9 Huntley Street with Casey House Hospice Inc. for a purchase price of \$4,675,000 and authorize the City to enter into an agreement of purchase and sale (the "Agreement") substantially on the terms outlined in Appendix "A" to this report and on such other or amended terms and conditions as may be acceptable to the Deputy City Manager, Internal Corporate Services, in consultation with the Director, Affordable Housing Office, and in a form satisfactory to the City Solicitor.
4. City Council authorize severally each of the Deputy City Manager, Internal Corporate Services, and the Director of Real Estate Services to execute the Agreement and any ancillary agreements and documents under the Agreement on behalf of the City.
5. City Council authorize the Deputy City Manager, Internal Corporate Services to administer and manage the purchase of 9 Huntley Street from Casey House Hospice Inc., 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.
6. City Council authorize the City Solicitor to complete the contemplated purchase 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 the City Solicitor considers reasonable.
7. City Council authorize the Deputy City Manager, Internal Corporate Services, in consultation with the Director, Affordable Housing Office, to negotiate an Offer to Lease with Fife House Foundation Inc., including any amendments in relation to such agreement not materially inconsistent with the terms and conditions described in Appendix B, as approved by Council, and in a form satisfactory to the City Solicitor.
8. City Council authorize the City to accept an Offer to Lease from Fife House Foundation Inc., or a related corporation formed for the purposes of this transaction, for a term of 20 years, for the property municipally known as 9 Huntley Street, substantially on the terms and conditions outlined in Appendix "B", and on such other or amended terms and conditions acceptable to the Deputy City Manager, Internal Corporate Services, or her/his designate, and in a form satisfactory to the City Solicitor.
9. City Council authorize severally the Deputy City Manager, Internal Corporate Services and the Director of Real Estate Services to accept the Offer to Lease on behalf of the City and the execute the lease on behalf of the City.

10. City Council authorize the City Solicitor to complete the Offer to Lease, the lease, deliver any notices, pay expenses and amend the commencement, due diligence and other dates to such earlier or later date(s), on such terms and conditions, as the City Solicitor may, from time to time, determine.
11. City Council authorize the Deputy City Manager, Internal Corporate Services, or her or his designate, to administer and manage the lease agreement, including the provision of any consents, approvals, notices and notices of termination provided that the Deputy City Manager, Internal Corporate Services may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
12. City Council authorize the Director, Affordable Housing Office to negotiate and execute, on behalf of the City, the agreements and security required by the Province to obtain the funding set out in Recommendation No. 1 above on such terms and conditions satisfactory to the Director, Affordable Housing Office and in a form approved by the City Solicitor.
13. City Council authorize the Director, Affordable Housing Office to assign the agreements and security for the federal/provincial funding obtained by the City to Fife House Foundation Inc., on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form approved by the City Solicitor.
14. City Council authorize the Director, Affordable Housing Office to execute, on behalf of the City, any security or financing documents or any other documents required to facilitate the funding process, including any documents required by Fife House Foundation Inc., or a related corporation or its mortgagee(s) where and when required during the term of the municipal housing facility agreement.
15. City Council authorize that the development at 9 Huntley Street be exempt from the payment of development charges and be exempt from the payment of planning and park dedication fees and building permits under existing City policy.
17. City Council authorize the City Solicitor to execute, on behalf of the City, any postponement, confirmation of status, discharge or consent documents relating to the security given to secure the Contribution Agreement entered into with the City of Toronto, or the assignee of the municipal capital facility agreement, for the construction of operation of affordable rental housing at 9 Huntley Street as required by normal business practices.
18. City Council authorize the Director, Affordable Housing Office to execute tri-partite agreements with leasehold mortgagees and any ancillary agreements and documents on behalf of the City.
19. City Council approve an increase in the 2017 Approved Capital Budget for Shelter, Support and Housing Administration by a one-time basis by \$500,000 gross, \$0 net, fully funded by Section 37 (Planning Act Reserve Funds) community benefits from 43, 49, 51 Gerrard Street West and 695 Bay Street (source account XR3026-3700691) by adding a new capital project called "9 Huntley Street Acquisition", for the purposes of

providing funds to Fife House Foundation Inc., for capital improvements to 9 Huntley Street.

20. City Council authorize the Director, Affordable Housing Office to provide the \$500,000 referred to in recommendation number 19 to Fife House Foundation Inc., subject to the Fife House Foundation Inc., signing an assignment of the municipal capital facility agreement, governing the use of the funds and the financial reporting requirements.

FINANCIAL IMPACT

This report recommends the capital funding required to purchase 9 Huntley Street and the City Incentives and capital funding required to support the modernization of the property.

The acquisition cost is \$4,675,000 plus the estimated closing costs of \$225,280. Of this amount \$2,700,000 will come from the federal-provincial Social Infrastructure Fund - Investment in Affordable Housing for Ontario Program and \$2,200,280 from the Land Acquisition Reserve Fund (XR1012).

In addition, the rehabilitation costs will be supported by \$300,000 from the balance of the \$3,000,000 in the Social Infrastructure Fund - Investment in Affordable Housing for Ontario Program (SIF-IAH-E) being requested, \$500,000 in Section 37 funds and \$716,800 in City Incentives. The total City funding, incentives and the federal-provincial funding is \$6,417,088 as outlined in the table below. Fife House will contribute the balance of the rehabilitation costs.

9 Huntley Street		
Affordable Rental Homes	Value of Contribution Per Unit	Total Support (20 units)
City Incentives (Development Charges, Planning and Building Fees)	\$35,840	\$716,800
City funding for Property Acquisition including closing costs from LARF (XR1012)	\$110,014	\$2,200,280
Federal/Provincial funding for acquisition (SIF-IAH-E)	\$135,000	\$2,700,000
Federal/Provincial funding for renovations (SIF-IAH-E)	\$15,000	\$300,000
Section 37 funds from 43, 49, 51 Gerrard Street West & 695 Bay Street	\$25,000	\$500,000
Total City/Federal-Provincial Contribution	\$320,854	\$6,417,080

It is recommended that 9 Huntley Street be leased to Fife House for a period of 20 years. All operating and maintenance costs, and any applicable taxes, charges, expenses and outlays arising from the use and occupancy of the Leased Premises, will be covered by Fife House, resulting in no further cost to the City. In accordance with the City's Policy on City-owned space provided at below market rent, the total undiscounted opportunity cost of this lease is estimated at \$2,500 to \$3,000 per month for a total opportunity cost of between \$600,000 and \$720,000.

The Interim 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 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 acquisition and rehabilitation of 9 Huntley Street will provide much needed transitional housing for low-income Toronto residents with HIV/AIDS and assist the City in contributing to meeting the City's housing targets.

DECISION HISTORY

At its meeting on July 4, 5, 6 and 7, 2017 City Council adopted MM31.17 "Transitional Housing Opportunity at 9 Huntley Street for low- income people with HIV/AIDS," requesting the Chief Corporate Officer and the Director, Affordable Housing Office, in consultation with Legal Services, Corporate Finance and Shelter, Support and Housing Administration, to conduct the due diligence necessary to support the City to purchase 9 Huntley Street at a below-market rate and to enter into a lease with Fife House.

City Council also requested the Director, Affordable Housing, the General Manager, Shelter, Support and Housing Administration, and the Chief Corporate Officer, in consultation with Legal Services and Corporate Finance, to report to the Executive Committee meeting on October 24, 2017 on a proposed course of action, outlining federal, provincial and City funding sources to support the purchase, renovation and operation of 9 Huntley Street as transitional housing, including outlining the necessary agreements and reporting requirements.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.MM31.17>

COMMENTS

In 2015, as Casey House was planning its relocation to a new expanded facility at 119 Isabella Street in 2017, the organization determined it no longer required the building at 9 Huntley Street. Casey House had been operating as a hospice for people with HIV/AIDS at 9 Huntley Street since 1988. As the 9 Huntley Street property is surplus to their needs, this provided the opportunity to convert the building to new transitional housing.

A Proposal Call was held by Casey House to determine whether other non-profit housing organizations were interested in the property. Through that process, Fife House was selected to be the future operator of the building.

Fife House has been providing safe, affordable housing for men, women and families living with HIV/AIDS since 1998. The organization currently operates six residential programs that house more than 200 persons in scattered homes and apartments.

Once selected, Fife House engaged cost consultants, engineers and project architects and initiated a fund raising campaign to raise the capital funds required to renovate the hospice into transitional housing. They have been successful in attracting both community and corporate donors.

Capital Renovation Costs

Fife House will be responsible for the capital renovation program and assembling the necessary funding and financing. The estimated capital cost for the renovations is approximately \$2,060,000 of which Fife has raised approximately \$1,260,000. With the support of the local Councillor, they have secured a commitment of \$500,000 in Section 37 community benefits secured from 43, 49, and 51 Gerrard Street West & 695 Bay Street. The report also recommends \$300,000, the balance of capital funding required from the federal-provincial SIF/IAH-E.

Acquisition Costs

In recognition of the future non-profit use of the 9 Huntley Street property, Casey House has agreed to a below market purchase price of \$4,675,000. This report recommends that the City purchase the property and retain ownership over the long-term to provide transitional housing. The funding being proposed to support the purchase includes federal-provincial funding in the amount of \$135,000 per unit from the SIF/IAH-E to support the purchase of the property with the balance of funding provided from the Land Acquisition Reserve Fund.

Operating Costs

Fife House, as the lessee, will be responsible for ongoing maintenance of the property and on-going operating costs. Operating funding for the Fife House program will also be supported by the Local Health Integration Network and the City through Habitat Services per diems. The first 20 people admitted to the program will be men from Seaton House, and the project will contribute to the George Street Revitalization Transition Plan. Future intakes will come from the shelter system.

CONCLUSION

This report recommends that City Council take an important step in assisting residents living with HIV/AIDS through the provision of safe, secure, supportive and affordable housing.

The purchase of 9 Huntley Street is being recommended through available program funding from all three orders of government to support the non-profit housing community in the delivery of important health and housing services.

Overall the proposed Fife House transitional housing program to be operated at 9 Huntley Street will boost the effort of those working to improve the lives of residents living with HIV/AIDS in Toronto.

CONTACT

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SIGNATURE

Sean Gadon, Director, Affordable Housing Office

Josie Scioli, Deputy City Manager, Internal Corporate Services

Joe Farag, Chief Financial Officer (Acting)

ATTACHMENTS

Appendix "A" – Terms and Conditions of the Agreement
Appendix "B" – Terms and Conditions of the Lease

Appendix "A" – Terms and Conditions of the Agreement

Address (Location): 9 Huntley Street – Toronto, Ontario

Owner/Vendor: Casey House Hospice Inc.

Legal Description: Lot 1 and 2, Plan 80E Toronto, except the easement therein, City of Toronto, being all of PIN 21107-0121 (LT)

Proposed Purchase Price: \$4,675,000.00

Promissory Note to Vendor: up to \$1,000,000

Closing Costs:

Land Transfer Tax (Provincial only)	\$90,000
Non-refundable HST (if applicable)	82,280
Environmental Site Assessment (Phase 1)	6,000
Environmental Site Assessment (Phase 2)	21,000
Building Condition Assessment	25,000
Registration and other internal Legal Costs	1,000

Due Diligence Period: Shall be the period of time ending at 11:59 pm on the business day next following 30 days after the Agreement is executed by both parties.

Requisition Period: Shall be the period of time ending at 11:59 pm on the 15th business day preceding the closing date.

Closing Date: Shall be the business day following 30 days after delivery of a notice of waiver or notice of satisfaction in connection with the due diligence condition, which expires at the end of the due diligence period.

Appendix "B" – Terms and Conditions of the Lease

Parties: City of Toronto as landlord and Fife House Foundation Inc., or a related corporation as tenant.

Leased Premises: Lot 1 and 2, Plan 80E Toronto, except the easement therein, City of Toronto, being all of PIN 21107-0121 (LT)

Term: Twenty (20) years

Rent: Nominal

Net Lease: The Lease shall be entirely net to the City, and the tenant, shall be responsible for all operating and maintenance costs, and any applicable taxes, charges, expenses and outlays arising from the use and occupancy of the Leased Premises.

Use: The Tenant shall use, manage and operate the Leased Premises solely, continuously and actively and in accordance with the requirements of the Contribution Agreement and the Lease.

Leasehold Mortgage: Provided that the Tenant is not in default under the Lease or the Contribution Agreement, the Tenant shall have the right at any time and from time to time to mortgage the Lease and the Tenant's leasehold interest in the Leased Premises, with the consent of the City.

Assignment/Subleasing: The Tenant shall not Transfer or sublet all or any part of the Leased Premises for the whole or any part of the Term without obtaining the prior written consent of the City. The Tenant may transfer all or part of the Leased Premises to another entity associated with or controlled by the Tenant and acceptable to the City. No assignment by the Tenant shall be effective until the Transferee has entered into an agreement directly with the City, in a form satisfactory to the City, whereby the assignee expressly agrees to assume all of the obligations and liabilities.

Insurance: The Tenant shall acquire insurance as required by the City.

Indemnity: The Tenant shall indemnify and save harmless the City from any and all claims and losses of every nature and kind whatsoever and of and from all liabilities of every nature and kind whatsoever in connection with the Leased Premises and the Lease, whether accrued, actual or contingent.