



REPORT FOR ACTION

Potential Rooming House Property Acquisition and Modernization in Ward 14 Parkdale-High Park

Date: June 11, 2018
To: Affordable Housing Committee
From: Director, Affordable Housing Office
Wards: Ward 14, Parkdale-High Park

SUMMARY

The current real estate market is resulting in the conversion and demolition of existing rooming houses in Parkdale and other neighbourhoods, where they are permitted. It is crucial that the City look at measures to preserve and maintain this important form of affordable housing for low-income residents. Through working with the non-profit housing sector and utilizing existing funding programs, there are opportunities to address the loss of rooming houses and other low-income housing.

City Council at its meeting on May 22, 23 and 24, 2018, directed the Director, Affordable Housing Office to report to the June 25, 2018 Affordable Housing Committee meeting on the due diligence process necessary to support the purchase, renovation and future operation of an existing rooming house in Ward 14, Parkdale-High Park by an experienced non-profit organization through leveraging \$1.5 million in available Ward 14, Parkdale-High Park Section 37 funds and other federal and provincial funding sources, and to seek authority to undertake this initiative through a competitive proposal call process in 2018.

RECOMMENDATIONS

The Director, Affordable Housing Office recommends that:

1. City Council authorize the Director, Affordable Housing to issue an open and transparent competitive proposal call to experienced non-profit affordable rental housing providers and to select the best proponent, in his sole discretion, to acquire, renovate and operate an available rooming house property in Ward 14, Parkdale-High Park.
2. City Council increase the 2018 Approved Operating Budget for Shelter, Support and Housing Administration by \$1,500,000 gross, \$0 net, for transfer to the Capital Revolving Reserve Fund for Affordable Housing (XR1058), to be payable to the

selected non-profit organization for the purpose of acquiring and renovating a rooming house property in the Parkdale-High Park, fully funded by Section 37 (Planning Act Reserve Fund) community benefits for this purpose, once received by the City from the developments at 24-66 Howard Park, Phase 1 (\$250,164.47); 24-66 Howard Park, Phase 2 (\$513,684.21); 1100 King (\$700,000.00); and 1100 King (\$36,151.32) (source account numbers available to-date: XR3026-3700589; XR3026-3700637; XR3026-3700639; and XR3026-3700632).

3. City Council authorize the Director, Affordable Housing Office to enter into an agreement, providing for the advance of the \$1,500,000, referred to in Recommendation 2, to the successful non-profit, on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form acceptable to the City Solicitor.

4. City Council authorize the Director, Affordable Housing Office to support the selected non-profit on an application to Canada Mortgage and Housing Corporation to secure funding under the recently announced National Housing Co-Investment Fund to help fund the acquisition and/or renovation of the rooming house property and to execute any agreements or other documents required by Canada Mortgage and Housing Corporation with respect to same, on terms and conditions satisfactory to the Director, Affordable Housing Office and in a form acceptable to the City Solicitor.

5. City Council authorize the City Solicitor 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 the successful not for profit, or its related corporation to complete construction and conventional financing and refinancing, when required during the term of the City's agreement with the successful non-profit or its successor;

6. City Council request the Director, Affordable Housing Office to report to City Council in 2019 on the results of this initiative including details on the selected non-profit, status of acquisition and renovation of a rooming house property in Parkdale-High Park Ward 14, and the result of the National Housing Co-Investment Fund application outlined in Recommendation 4 above.

FINANCIAL IMPACT

This report recommends approval of \$1,500,000 in section 37 funds from the Capital Revolving Reserve Fund (CRRF) for Affordable Housing (XR1058) for transfer to a non-profit organization, chosen through a competitive proposal call process, towards the purchase and renovation of a rooming house property in Parkdale-High Park, Ward 14, identified by the non-profit.

In addition to the above and subject to the availability of federal and provincial funding, the Director, Affordable Housing may re-direct an allocation of funds towards this initiative, under existing delegated authorities.

The Director, Affordable Housing Office will report back to Council in 2019 on the selected non-profit, status of acquisition and renovation of a rooming house property, sources of funds identified/utilized, and results of the National Housing Co-Investment Fund application.

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

EQUITY IMPACT STATEMENT

Lack of access to safe, secure, affordable housing is a barrier to lower-income and marginalized Toronto residents throughout the city. The purchase and renovation of a rooming house property that is listed for sale on the open market will help preserve the affordable housing stock in Toronto, assist in the prevention of homelessness and provide housing for a vulnerable segment of the population.

This initiative will contribute toward achieving the City's Housing Opportunities Toronto 10-year targets for the provision of new affordable rental homes and supports the City's Poverty Reduction Strategy.

DECISION HISTORY

At its meeting on May 22, 23 and 24, 2018, City Council directed the Director, Affordable Housing Office to report to the June 25, 2018 Affordable Housing Committee meeting on the due diligence process necessary to support the purchase, renovation and future operation of an existing rooming house in Ward 14, Parkdale-High Park by an experienced non-profit organization through leveraging \$1.5 million in available Ward 14, Parkdale-High Park Section 37 funds and other federal and provincial funding sources, and to seek authority to undertake a pilot project through a competitive proposal call process in 2018. The Council decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.MM41.8>

At its meeting on December 16, 17 and 18, 2013, Council adopted *2014-2019 Housing Stability Service Planning Framework* as the plan to guide Shelter Support and Housing Administration in their work over the next five years. The framework aims to improve housing stability for vulnerable Toronto residents, including supporting the transition from homelessness and shelter use to permanent, stable housing. The Council decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2013.CD25.10>

COMMENTS

Proposal Call Process

Subject to Council approval of the recommendations in this report, the Director, Affordable Housing will issue a competitive proposal call in 2018 to identify an experienced non-profit housing provider that is well positioned to acquire, renovate and successfully operate a rooming house in the Parkdale-High Park neighbourhood. The non-profit organization will be responsible for identifying the suitable property available for sale on the open market, and completing the acquisition and renovation under the terms and conditions of its agreement(s) with the City.

Post Selection of Future Non-profit Owner/Operator

Upon identifying a suitable rooming house to acquire, the Affordable Housing Office will work with the non-profit housing provider and undertake the following review/assessment as part of its due diligence process prior to advancing the City funds provided for in this report:

1. Acquisition and Renovation Plans

- a) Details of the process, timing and cost to purchase the identified rooming house property, including all required closing costs.
- b) Details of the proposed renovation plan including any architectural drawings of alteration to the existing layout.
- c) Details of any planning approvals required, the estimated timing, and personnel and resources required to secure necessary City approvals.
- d) A building condition report indicating the current condition of the building and its suitability for proposed use.
- e) A full capital budget with detailed notes on assumptions including all renovation costs and soft costs, such as consultant fees, financing fees during construction, etc.
- f) Details of the proposed sources of capital funding, such as mortgage financing and contributions from other sources, including details on the likelihood and timing of receiving such funds.
- g) Development timetable, indicating estimated dates for development milestones up to occupancy, such as closing date, tenant relocation (if applicable), planning approval stages, start of renovations, completion of renovations and occupancy.

- h) If applicable, a relocation plan for all existing tenants detailing when and where they would be relocated, the cost and a policy on how they would return to the building once renovations are completed, e.g. how will units be assigned, estimated rents, details of how many tenants will be returning, etc.

2. Operating Plan

- a) Details on the proposed operating plan for the rooming house – including staffing and property management model.
- b) Details of proposed tenant selection and intake processes plus outline of supports to be provided onsite.
- c) An operating budget, with details of annual expenditures and revenues based on current year costs, including rent levels based on tenants' ability to pay.
- d) A management plan detailing how the proposed project will be managed to maintain the property in a state of good repair and financially sustainable over a period of 25 years, including anticipated annual capital reserve contributions.
- e) Details of any proposed sources of operating funding, including from the provincial or federal government.

3. Community Engagement Strategy

- a) Details of the consultation and outreach plan to inform and engage the community about the renovation work and ongoing operation of the building.

Conclusion

The City is actively working to provide a range of quality housing opportunities for Toronto residents in need of affordable housing. A key to preserving affordable housing is working with the non-profit sector to secure existing buildings, including rooming houses that are at risk of being lost due to sale or disrepair, and facilitating renovation of these properties for continued operation to serve a vulnerable tenant population.

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SIGNATURE

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