

**REPORT FOR ACTION****New Affordable Rental Housing for Seniors at 1117-1119 Gerrard St. East - Update**

Date: October 26, 2020

To: City Council

From: Executive Director, Housing Secretariat

Wards: Ward 14 – Toronto Danforth

SUMMARY

In March 2017, through Item TE22.9, City Council requested that staff negotiate the terms and conditions of federal/provincial financial assistance and City incentives to WoodGreen Community Housing Inc. ("WoodGreen") for the redevelopment of the properties at 1117-1119 Gerrard Street East. Since then, the project has been approved for funding, progressed through construction and is close to reaching substantial completion. However, as a direct result of the COVID-19 pandemic and its resulting impact on the supply chain including the increased cost and reduced availability of skilled labour and materials, project costs have exceeded the original approved budget amounts posing a challenge for WoodGreen.

On October 20, 2020, through Item PH17.14, the Planning and Housing Committee requested the Executive Director, Housing Secretariat to report directly to the October 27 and 28, 2020 meeting of City Council and provide an update on the affordable rental housing project at 1117-1119 Gerrard Street East, including details of the additional funding needed for the project and a recommended source of funds.

This report responds to Council's request. It provides an update on the project and recommends Council's approval of \$100,000 inclusive of HST and disbursements to WoodGreen to support the completion of the 36 new affordable rental homes for low-and-moderate-income seniors.

RECOMMENDATIONS

The Executive Director, Housing Secretariat recommends that:

1. City Council authorize the Executive Director, Housing Secretariat to provide \$100,000 inclusive of HST and disbursements, from the Development Charges Reserve Fund for Subsidized Housing (XR2116), to WoodGreen Community Housing Inc. to support the completion of the 1117-1119 Gerrard Street East redevelopment to create

36 new affordable units for seniors, subject to WoodGreen Community Housing Inc. signing an agreement which governs the use of the funds and the financial reporting requirements.

2. City Council approve an increase to the 2020 Operating Budget for Shelter, Support and Housing Administration of \$100,000 gross, \$0 net, subsequent to approval of Recommendation #1, for affordable housing at 1117-1119 Gerrard Street East, funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116).

FINANCIAL IMPACT

This report recommends the provision of \$100,000 in funds, inclusive of HST and disbursements, from the Development Charges Reserve Fund for Subsidized Housing (XR2116) to WoodGreen to support the completion of the 1117-1119 Gerrard Street East redevelopment project.

Since this project is in the final stages of construction, the majority of the previously approved \$5.4 million in federal/provincial funding has already been administered to WoodGreen in accordance with the terms and conditions of the City's Contribution Agreement. The outstanding funding holdback is required to be released at project completion.

The additional funding recommended in this report will help WoodGreen offset some of the unanticipated project cost escalations, including increased cost of labour and materials, as a direct result of COVID-19. If approved, project completion is anticipated by mid-December 2020. The remaining project shortfall will be covered by WoodGreen through unused project contingencies.

As of the date of this report, the balance in the Development Charges Reserve Fund for Subsidized Housing (XR2116) is sufficient to cover the proposed \$100,000 in funding.

Table 1 – 1117-1119 Gerrard St. E. Development Project Budget Summary

2020 Development Budget (as of October)	Forecasted Development Closing Budget (end of 2020)	Estimated Project Funding Shortfall
\$16,668,000	\$16,892,563	(\$224,563)

The above referenced budgets include WoodGreen's costs to redevelop the site including land, architectural, engineering and specialty consultants, insurance, site and building construction, contingencies, insurance and HST.

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with the redevelopment of the property at 1117 and 1119 Gerrard St. East.

EQUITY IMPACT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is centred on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building inclusive, healthy, sustainable and liveable communities.

The redevelopment of 1117-1119 Gerrard Street East will increase the opportunity for low-and-moderate-income seniors, including women, persons with disabilities, Indigenous peoples and those from equity-seeking groups to access good quality, safe, affordable homes. The accessible homes created at this site will also help seniors to age in place and improve their housing and health outcomes.

Access to good quality, safe, affordable housing is an important social determinant of health and also improves the social and economic status of an individual. Good quality, affordable housing is also a cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole.

DECISION HISTORY

At its meeting of October 20, 2020, the Planning and Housing Committee adopted Item PH17.14, "1117-1119 Gerrard Street East", and requested the Executive Director, Housing Secretariat report directly to the October 27 and 28, 2020 meeting of City Council and provide an update on the affordable rental housing project at 1117-1119 Gerrard Street East, including details of the additional funding needed for the project and a recommended source of funds.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH17.14>

At its meeting on March 28 and 29, 2017, City Council adopted TE22.9, "835-841 Queen Street East - Rental Housing Demolition Application Under Municipal Code 667- Final Report" in which City Council authorized the Director, Affordable Housing Office to negotiate the terms and conditions of federal/provincial and City financial assistance to WoodGreen Community Housing Incorporated for the redevelopment of 1117-1119 Gerrard Street East, subject to receipt by the City of a business case for the development of the project and on terms and conditions satisfactory to the Director, Affordable Housing Office.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.TE22.9>

At its meeting on August 25, 26, 27 and 28, 2014, City Council adopted TE34.90 "Preliminary Report - 835-841 Queen Street East - Application for Rental Housing Demolition Under Municipal Code Chapter 667" in which City Council approved in principle, subject to final approval of a Section 111 permit, the demolition of the 36 social housing units at 835-841 Queen Street East with replacement at an off-site location, and the removal of the obligation to replace the units on-site as a condition of

receiving development approvals for any future proposal for 835-841 Queen Street East.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.TE34.90>

COMMENTS

WoodGreen is redeveloping 1117 and 1119 Gerrard Street East which will create 36 new affordable rental homes for low-and-moderate-income seniors. The building will also have a 2,700 square foot space dedicated to the Parent Resource Centre for their EarlyON centre.

In March of 2017, City Council requested that the Director, Affordable Housing Office negotiate the terms and conditions of federal/provincial financial assistance and City incentives to WoodGreen to support the development. Through this process, a total of \$5.4 million in federal/provincial funding was approved to support the 36 new affordable rental homes, with rents not to exceed 80% Average Market Rent (AMR). In March 2018, City Council also authorized property tax exemptions for the new affordable rental homes.

Completion of the project was originally scheduled for October 2020 but has since been delayed until mid-December, 2020, with occupancy now planned to begin in January 2021. The unanticipated delays are a result of the impact of the COVID-19 on supply chains including the reduced availability of skilled labour, and the increased costs of labour and materials. With the additional \$100,000 in funding from the City which is being recommended in this report, WoodGreen will be able to complete the project and meet the revised timelines.

The completion of this project is critical to provide safe, secure and affordable homes for low-and-moderate-income seniors, especially as the COVID-19 pandemic continues. Reducing and delaying the flow of seniors into long-term care homes through the provision of adequate, accessible, affordable housing are priorities for the City outlined in both the HousingTO 2020-2030 Action Plan and the Toronto Seniors Strategy.

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SIGNATURE

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