

### 419-425 Coxwell Avenue Lease Amendments

**Date:** September 21, 2020

**To:** General Government and Licensing Committee

**From:** Executive Director, Corporate Real Estate Management,  
Executive Director, Housing Secretariat

**Wards:** Ward 19 - Beaches-East York

#### SUMMARY

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The purpose of this report is to seek authority to amend the existing Ground Lease Agreement (the "Agreement") at 419-425 Coxwell Avenue, between the City of Toronto (the "City") and New Frontiers Aboriginal Residential Corporation dated January 26, 2002, enabling the tenant to obtain refinancing to redevelop their property. This residential property currently provides 74 affordable rental units and financial restructuring will allow the tenant to construct 12 additional affordable rental units.

In July 2018, City Council authorized this affordable housing project as a part of Open Door Program's competitive call for affordable rental housing applications. The project supports Open Door Program's objectives and supports the City's efforts to achieve targets of approving 5,000 affordable rental and 2,000 affordable ownership homes for low- and moderate-income residents by 2020.

#### RECOMMENDATIONS

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The Executive Director, Corporate Real Estate Management, and the Executive Director, Housing Secretariat, recommend that:

1. City Council authorize the City of Toronto to enter into a Lease Amending Agreement with New Frontiers Aboriginal Residential Corporation and Frontiers Foundation Incorporated for the property at 419-425 Coxwell Avenue, substantially on the following major terms and conditions as described in Appendix A attached, and such other or amended terms and conditions as may be acceptable to the Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor.
2. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, in consultation with the Executive Director, Housing Secretariat to consent, solely in their capacity as landlord, to the re-financing of 419-425 Coxwell

Avenue by the New Frontiers Aboriginal Residential Corporation and Frontiers Foundation Incorporated above the outstanding principal of the initial leasehold mortgage.

3. City Council individually authorize each of the Deputy City Manager, Corporate Services, and the Executive Director, Corporate Real Estate Management, or their designate, to execute the Lease Amending Agreement referenced in Recommendation 1 above and any related documents on behalf of the City of Toronto, as required.

## **FINANCIAL IMPACT**

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In accordance with the Agreement, New Frontiers Aboriginal Residential Corporation is not required to pay annual basic rent but is responsible for any operating costs, charges and taxes arising from its use of the site. The requested amendment to the Agreement does not change the rent structure and the Agreement will continue to be a completely care free net lease to the City. There is no resulting cost or financial implications to the City.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial implications as identified in the Financial Impact section.

## **DECISION HISTORY**

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At its meeting on July 23, 24, 25, 26, 27 and 30, 2018, City Council adopted Item 2018.EX36.27, "Creating 606 Affordable and 422 Mid-Range Rental Homes in Toronto - Results of the 2018 Open Door Call for Applications", and authorized the inclusion of 419-425 Coxwell Avenue as a part of the Open Door Program. The City Council Decision can be found here:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.27>

## **COMMENTS**

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New Frontiers Aboriginal Residential Corporation is a non-profit housing provider in Toronto proposing to develop a 12-unit affordable rental addition to their existing 74-unit affordable rental building at 419-425 Coxwell Avenue. This affordable rental building is located on City-owned lands under a long-term lease with New Frontiers Aboriginal Residential Corporation dated January 26, 2002. In July 2018, City Council approved eight development proposals representing 606 affordable homes across Toronto, including 422 mid-range rental homes. Approvals included New Frontiers Aboriginal Residential Corporation's proposed project, which resulted from a competitive Call for Applications as a part of the Open Door Program.

The Open Door Program is a five-year initiative approved by City Council in July 2016. The program is designed to scale up City efforts to achieve targets of approving 5,000

affordable rental and 2,000 affordable ownership homes for low- and moderate-income residents by 2020.

Council approval of the New Frontiers Aboriginal Residential Corporation's Open Door program application included the provision of financial assistance and benefits to fund the additional 12 affordable rental units and authorized the City entering into a municipal housing facility agreement (the City's Contribution Agreement) with the proponent to develop the property at 419-425 Coxwell Avenue. In accordance with Council approval, the City and New Frontiers Aboriginal Residential Corporation entered into a Contribution Agreement on November 12, 2018 and subsequently an Amending Agreement on May 23, 2019, as permitted by the Open Door program. The Contribution Agreement, as amended, provide terms and conditions associated with receiving City funding and incentives for the construction of the 12 one bedroom apartment units and ensures that 10 percent of the units be allocated to tenants in receipt of housing benefits.

The new affordable units will be included in the existing site mandate to house Indigenous persons and provide support services to ensure successful tenancies. The proposed affordability period for this project is 30 years. Affordability will be achieved both by establishing rents at 80 percent of the average market rental rate, and by providing residents with housing allowances to further lower the rents.

## **CONTACT**

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## **SIGNATURE**

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Patrick Matozzo  
Executive Director, Corporate Real Estate Management

Abigail Bond  
Executive Director, Housing Secretariat

## **ATTACHMENTS**

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Appendix "A" - Summary of Lease Amending Agreement Major Terms and Conditions  
Appendix "B" - Site Sketches

## **Appendix A - Summary of Lease Amending Agreement Major Terms and Conditions**

Landlord: City of Toronto

Tenant: New Frontiers Aboriginal Residential Corporation

Premises: 419 - 425 Coxwell Avenue

Basic Rent:

The City to waive its right to receive the payment of basic rent if the lease is transferred to a non-profit housing provider permitted under the lease who will operate the property in accordance with the terms of the lease, the terms of the loan and grant agreement, the terms of the affordable housing agreement, the leasehold mortgage, and the second and third leasehold mortgage, and any other agreements between the City and New Frontiers Aboriginal Residential Corporation regarding 419-425 Coxwell Avenue.

Assignment by the Leasehold Mortgagee:

If the Leasehold Mortgagee is in possession or has acquired the Tenant's leasehold title, it may, subject to any rights of the Tenant, assign the leasehold interest of the Tenant in the Premises; however, the party to whom such leasehold interest is assigned, and any successor assignee, shall be obliged to comply with all of the terms of this Lease except the provisions set out in Section 9.1 of the Lease, being the requirement that the Tenant shall use, manage and operate the Premises solely, continuously and actively as affordable rental housing accommodation. When such assignment by the Leasehold Mortgagee has been completed, the Leasehold Mortgagee shall have no obligations and shall incur no liability under this Lease except for any liability on the part of the Leasehold Mortgagee arising out of any breach of this Lease committed by the Leasehold Mortgagee before the completion of such assignment and any other terms of this Lease for which the Leasehold Mortgagee would have been responsible to fulfil.

## Appendix B - 419-425 Coxwell Avenue - Site Drawings

