



Authorizing the Termination and Discharge of Social Housing Agreement for 223 Osler Street

Date: October 5, 2020

To: Planning and Housing Committee

From: General Manager, Shelter, Support and Housing Administration

Wards: Ward 9 - Davenport

SUMMARY

The City of Toronto and Mainstay Housing ("Mainstay"), a non-profit housing organization, entered into a social housing agreement in 1991 as a condition of a Committee of Adjustment decision for a variance requested for the construction of a three-storey, 13-unit building at 223 Osler Street. The agreement is governed under section 453.1 of the City of Toronto Act, 2006, which requires that any disposal of property requires the consent of Toronto City Council.

Mainstay wishes to sell the property, due to the extraordinary cost of remediating structural deterioration in the building, and apply the proceeds of the sale to Mainstay's Development Fund. This Fund is used to support the acquisition and development of new properties for mixed income rental housing, including affordable units for individuals experiencing homelessness.

On November 5, 2019, the Ministry of Health, Mainstay's primary funder, consented to the sale. The social housing agreement with the City is registered on title and prevents Mainstay from proceeding with plans to sell the property and invest the proceeds in future acquisition and development of new rental housing. As such, on May 28, 2020, Mainstay requested the termination and discharge of the social housing agreement for 223 Osler Street.

This report recommends City Council consent to the termination of the social housing agreement with Mainstay Housing and the discharge of its registration against title to 223 Osler Street.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, recommends that:

1. City Council consent to the termination of the social housing agreement dated January 28, 1991 between the City and Mainstay Housing and discharge of the registration of the social housing agreement against title to 223 Osler Street; and
2. City Council authorize the General Manager, Shelter, Support and Housing Administration, to execute and deliver such agreements, notices and consents required to accomplish the foregoing recommendation on terms and conditions satisfactory to the General Manager and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

There is no financial impact resulting from the adoption of the recommendations in this report.

EQUITY IMPACT

Social and affordable housing is accessed by low-income individuals and families who face a variety of complex and intersecting challenges. This includes people from a range of equity-seeking groups, such as seniors, people experiencing homelessness, persons with disabilities, youth, and people who identify as LGBTQ2S+.

DECISION HISTORY

In 1989, the Supportive Housing Coalition of Metropolitan Toronto (now known as Mainstay Housing) proposed to replace a non-conforming industrial building at 223 Osler Street with a walk-up apartment building. The building would be three storeys high and contain 13 bachelor units. The Supportive Housing Coalition proposed to provide affordable housing to ex-psychiatric patients.

The proposal did not conform to the provisions of the Zoning By-law with regard to density, parking, and a number of other standards. The Supportive Housing Coalition applied to the Committee of Adjustment for a minor variance to permit the project. On December 20, 1989, the Committee of Adjustment approved the application subject to the condition that: "Prior to the issuance of a building permit, the applicant is to enter into an agreement with the City of Toronto ensuring that the subject building shall be used only as "assisted housing" as defined by the Zoning By-law."

At its meeting of October 1 and 2, 1990, Council of the Corporation of the City of Toronto adopted clause 23 of Land Use Committee Report No.12 which recommended adoption of the recommendations in the report (August 29, 1990) from the

Commissioner of Planning and Development that the proposed apartment building at 223 Osler Street is for a social housing program as defined in Section 2 of the City of Toronto Act, 1988 (No.2) and authorized the City Solicitor to prepare a social housing agreement to give effect to the terms as outlined in the body of the report.

Under section 2 of the City of Toronto Act, 1988 (No.2), a social housing program was defined to mean a program or project that, in the opinion of Council, is designed to provide housing accommodation primarily for persons with low to moderate incomes, at a charge not exceeding the amount required to finance, operate and maintain such accommodation without profit. Section 2 of the City of Toronto Act, 1988 (No.2) has been replaced by Section 453.1 of the City of Toronto Act, 2006, and that definition has carried forward.

On January 28, 1991, the Corporation of the City of Toronto entered into a social housing agreement with the Supportive Housing Coalition which was then registered as an encumbrance against title to 223 Osler Street.

COMMENTS

With a portfolio of over 38 residential locations, Mainstay Housing ("Mainstay") provides housing and support to people living with serious mental health conditions, often coupled with substance use challenges, many of whom have experienced homelessness and live with other complex health issues.

Mainstay's primary funder is the Ministry of Health, which provides ongoing operating funding, as well as funding to subsidize rent-geared-to-income (RGI) units. The Shelter, Support and Housing Administration Division does not have oversight of the property located at 338 Osler nor any buildings within Mainstay's housing portfolio.

Mainstay's property at 223 Osler Street is a three-storey, wood frame structure apartment building containing 13 bachelor units, which was developed for social housing under the provincial housing initiative "Homes Now". In the summer of 2018, Mainstay initiated a capital repair project on the stucco exterior of the building and discovered deterioration of the wood frame. The tenants were transferred to other units within Mainstay's portfolio and structural support beams installed. The property has been vacant since late 2018 while Mainstay worked with the Ministry of Health, an engineering company, a planner, and a lender to understand options with respect to the property.

The estimated cost to remediate the structural deterioration was between \$580,000 and \$755,000, representing between 47% and 61% of the building's replacement cost. It was determined that this level of investment in repairs to the current structure did not represent a good use of Mainstay's capital reserve fund.

Mainstay examined the possibility of redeveloping the site and found that it would not be possible to add a significant number of additional units. Mainstay is focused on renewing and expanding its asset base. Its Built-Form Standard states that Mainstay will develop new housing at a minimum scale of 100 units and with a mix of unit types and rent levels, and of tenants receiving housing support and those not in need of support.

For these reasons, Mainstay's Board of Directors resolved to sell the building.

On November 5, 2019, Mainstay Housing obtained consent from MOH to sell the Premises under section 7.1 of the Portfolio Operating Agreement (POA) and MOH has agreed to amend the POA to remove reference to the Premises. As a condition of such consent and agreement, Mainstay is required to deposit the proceeds from the sale of all the Premises into Mainstay's Development Fund.

Mainstay's Asset Disposal and Development Fund policies will guide the sale of 223 Osler Street and the investment of the proceeds in new development activities. Mainstay has sold the other three properties over the last two months and has stated it is currently well positioned to pursue initiatives in support of the City's HousingTO 2020-2030 plan, including Housing Now.

The social housing agreement with the City is registered on title and prevents Mainstay from proceeding with plans to sell the property and invest the proceeds in future acquisition and development of new rental housing. As such, on May 28, 2020, Mainstay requested the termination of the social housing agreement with the City and discharge of its registration against title to 223 Osler Street.

Upon City Council consent to the transfer, the General Manager, Shelter, Support and Housing Administration, will execute all agreements and consents required to terminate and discharge the social housing agreement with Mainstay for 223 Osler Street, allowing Mainstay to sell the property and invest the proceeds of the sale in their Development Fund to support the development of new mixed income rental housing.

Following termination of the social housing agreement, the City will have no further administrative authority with respect to 223 Osler Street.

Authority for Approval

The apartment building located at 223 Osler Street has operated as a social housing site under section 453.1 of the City of Toronto Act, 2006 (formerly section 2 of the City of Toronto Act, 1988), under the terms of a social housing agreement with the City authorized by Council of the Corporation of the City of Toronto at its meeting of October 1 and 2, 1990. City Council must provide consent to the termination of the social housing agreement with Mainstay Housing and the discharge its registration against title to 223 Osler Street.

CONTACT

Doug Rollins, Director, Housing Stability Services, Shelter, Support and Housing Administration, 416-392-0054, Doug.Rollins@toronto.ca

SIGNATURE

Mary-Anne Bédard, General Manager
Shelter, Support and Housing Administration