

Creating Indigenous Supportive Housing at 218 Carlton Street

Date: February 16, 2021

To: Planning and Housing Committee

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

Wards: 13

SUMMARY

This report seeks City Council authorization to accept an offer to lease and enter into a lease agreement with Native Men's Residence for the property at 218 Carlton Street (the "Property") for a period of 50 years for nominal consideration. Native Men's Residence ("Na-Me-Res") is an experienced non-profit Indigenous rental housing and support services provider, and is being recommended to operate the Property following a request for proposals issued in December 2020. The new affordable rental homes that will be created at 218 Carlton Street will help address the urgent need for good quality, permanent affordable housing for Indigenous men who are experiencing homelessness. The number of future permanent homes to be created at the Property is currently estimated to be ten, but will be determined through the architectural design and planning approvals process.

One of the key strategic actions of the City's HousingTO 2020-2030 Action Plan is to "Enhance Partnerships with Indigenous Community Partners". The new affordable housing at 218 Carlton Street is an example of the City working with the Indigenous Community to co-develop Indigenous-led solutions to the unique and growing housing challenges faced by Indigenous persons in the city, especially those that are experiencing homelessness.

The City will become the owner of 218 Carlton Street as a result of a Section 37 Agreement related to the development of 55 - 61 Charles Street East. One of the community benefits the developer MOD Developments Inc. (MOD) will provide is to transfer 218 Carlton Street to the City, fully renovated for use as affordable rental housing. MOD will begin the renovation of the Property, which it now owns, once the Indigenous non-profit provider is approved, and expects the Property to be ready for occupancy by the end of 2023. MOD will transfer ownership of the Property, at nominal value, to the City when renovations are complete.

City Council at its meeting July 16, 17 and 18, 2019 approved the City leasing the Property to a non-profit housing provider for 50 years and approved Open Door Program affordable housing incentives, including a property tax exemption for the length

of the lease. Based on the recommendations in the report, immediately following the transfer of ownership, the City will commence a 50 year lease to Na-Me-Res.

RECOMMENDATIONS

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

1. City Council authorize the City of Toronto to accept an offer to lease (the "Offer to Lease") from, and enter into a lease (the "Lease") with Native Men's Residence, or a related non-profit corporation for the property at 218 Carlton Street at nominal value and substantially on the major terms and conditions set out in Attachment 2 of this report, and on such other or amended terms and conditions acceptable to the Executive Director, Corporate Real Estate Management, or their designate and in a form satisfactory to the City Solicitor.
2. City Council authorize the Executive Director, Corporate Real Estate Management, to execute both the Offer to Lease from and the Lease with respect to 218 Carlton Street with Native Men's Residence, or a related non-profit corporation on behalf of the City and any ancillary agreements or documents, as required to give effect to the lease, on behalf of the City.
3. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, in consultation with the Executive Director, Housing Secretariat to administer and manage the Lease for 218 Carlton Street, including the provision of any amendments, consents, approvals, waivers, notices, and notices of termination, provided that the Executive Director, Corporate Real Estate Management, or their designate, may, at any time, refer consideration of such matters (including their content) to City Council for its determination and direction.
4. City Council consider the Lease with Native Men's Residence, or a related non-profit corporation for the property at 218 Carlton Street to be in the interests of the City.
5. City Council authorize that the \$200,000 pre-development funds approved by City Council at its July 16, 17 and 18, 2019 meeting for costs incurred in the development of 218 Carlton prior to occupancy can be used for costs incurred by both the City and the approved Indigenous non-profit, at the discretion of the Executive Director, Housing Secretariat.

FINANCIAL IMPACT

This report recommends Council approval for the City to enter into a lease agreement with Native Men's Residence, a non-profit Indigenous housing provider, to operate the Property located at 218 Carlton Street for a period of 50-years for a nominal consideration of \$2 per year effective from time of turnover of ownership of the Property to the City.

Upon entering into the lease agreement with the City, Native Men's Residence will be responsible for all operating and capital repair costs of 218 Carlton Street with no financial impact to the City.

At its meeting on July 16, 17 and 18, 2019 Council adopted the recommendations contained in report TE7.15: 55-61 Charles Street East - Zoning Amendment and Rental Housing Demolition Applications - Final Report, which authorised the transfer of 218 Carlton Street to the City under the terms of a Section 37 agreement, pursuant to a Zoning By-law Amendment application for the lands at 55-61 Charles Street.

As mentioned earlier in this report, following redevelopment into affordable rental housing, ownership of 218 Carlton will be transferred to the City for lease to Native Men's Residence to provide affordable housing with support services for Indigenous men who are experiencing homelessness.

These permanent, self-contained homes are projected to be available for occupancy in 2023 and will help address the need for permanent affordable housing for Indigenous men experiencing homelessness.

The Chief Financial Officer has reviewed this report and agrees with the Financial Impact information.

EQUITY IMPACT STATEMENT

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 also 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, and sustainable communities.

By delivering this Indigenous affordable housing, Native Men's Residence and the City of Toronto are creating permanent housing solutions to help some of the most vulnerable and marginalized residents.

Increasing access to safe, adequate, affordable housing is critical to addressing the social determinants of health and improving the social and economic well-being of an individual. Good quality, affordable housing is also the 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 July 16, 17 and 18, 2019 City Council authorized the City Solicitor to enter in to a Section 37 Agreement with MOD Developments Inc. (MOD) to secure community benefits related to the development of the condominium at 55-61 Charles Street East. These included that MOD transfer 218 Carlton Street to the City renovated

and furnished for use as affordable rental housing, at no cost to the City, to the value of \$6,400,000.00. As well, prior to February 12, 2020, the owner was to pay to the City \$200,000.00 to be allocated towards the Capital Revolving Reserve Fund for Affordable Housing (XR1058) for pre-development funding at 218 Carlton Street, to the satisfaction of the Executive Director, Housing Secretariat. This report also authorized the issuance of a request for proposals to select a non-profit to lease 218 Carlton from the City for 50 years and the approval of City Open Door Program incentives, including a property tax exemption for the length of the lease for the selected non-profit.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.TE7.15>

At its meeting of December 16, 17, and 18, 2020 Council approved the date for the transfer of 218 Carlton Street be changed to prior to the earlier of January 15, 2024 or registration of a plan of condominium for 55-61 Charles Street East. And further that the Executive Director, Housing Secretariat be authorized to make further changes to the date for the transfer of 218 Carlton Street, if necessary.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.TE21.8>

At its meeting of December 17 and 18, 2019, City Council, adopted with amendments, "HousingTO 2020-2030 Action Plan" as the framework to address Toronto's housing and homelessness challenges by 2030. This Plan includes a number of actions and targets to address critical needs across the housing spectrum including Key Strategic Action #2, to Enhance Partnerships with Indigenous Community Partners.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

COMMENTS

On December 2, 2020 the Housing Secretariat released a "Request for Proposals for Indigenous Housing Provider to Lease and Operate Affordable Rental Housing at 218 Carlton Street" (the RFP). Only Indigenous organizations were invited to respond. The RFP was issued to select an Indigenous non-profit housing provider to enter into a lease with the City for a term of 50 years and operate the Property as affordable rental housing for Indigenous persons with the necessary supports to assist the tenants to maintain their housing.

218 Carlton Street is located just west of Parliament Street and is a heritage designated three storey large home that was last used as office space. The property is to be renovated by MOD into approximately ten studios, including fully accessible studios, suitable for persons that have previously experienced homelessness and are in need of safe, permanent and affordable housing. The final number of studio apartments will be determined through the architectural design and planning approvals process. The homes will be self-contained with each having a kitchen and bathroom and fully furnished. MOD purchased the property and will cover all costs of the renovations and furnishings to fulfill one of its conditions in the Section 37 Agreement for 55-61 Charles Street East, a large condominium development that is now under construction. Rents can be no more than 80 percent of AMR (Average Market Rent) with housing benefits to be provided to make the homes more affordable for those with limited incomes.

Two organizations submitted proposals to the RFP and the Evaluation Team made up of staff from the Housing Secretariat and Shelter Support and Housing Administration are recommending Native Men's Residence ("Na-Me-Res").

Na-Me-Res has been developing and operating programs to assist Indigenous men to develop the social, physical and psychological qualities needed to live productive and independent lives for the last fifteen years. Programs include Street to Homes After Care to help previously homeless men maintain their housing, providing access to traditional healers and elders, and specific responses to clients in severe mental and addiction conditions. In the last ten years they have been operating transitional housing for Indigenous men and male youth, and permanent affordable rental housing with supports at two locations of 16-22 units.

As part of its RFP response, Na-Me-Res included a signed Offer to Lease based on a review of the City's Lease and Contribution Agreement contained in the RFP, which details their obligations and responsibilities to provide affordable housing for the term of the lease.

Prior to occupancy, staff from the City's Shelter, Support and Housing Administration Division (SSHA) will work with Na-Me-Res to develop a Tenant Access Plan to be approved by the City. The plan will detail how tenants will be selected and what support services will be provided to assist tenants to maintain their housing.

The Housing Secretariat is in the process of hiring a Consulting Architect to work on behalf of the City and in partnership with Na-Me-Res. Their role will be to input into the design of the renovations to the Property to ensure the affordable housing created meets the cultural and spiritual needs of the intended residents, and meets a high standard of quality of materials and specifications.

Conclusion

This report recommends Council approval for staff to enter into a 50-year lease arrangement with Na-Me-Res for nominal consideration to operate 218 Carlton Street as supportive housing for Indigenous men. These permanent, self-contained homes will increase the supply of safe, secure, affordable homes for vulnerable and marginalized Indigenous men who are over-represented in Toronto's homeless population.

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ATTACHMENTS

Attachment 1 – 218 Carlton Street Exterior Photograph

Attachment 2 – Proposed Lease Terms and Conditions

ATTACHMENT 1 – 218 CARLTON EXTERIOR PHOTOGRAPH



ATTACHMENT 2 – PROPOSED LEASE TERMS AND CONDITIONS

The following is a summary of the recommended major terms and conditions of the lease to be entered into with Native Men's Residence for 218 Carlton:

Proposed	Terms and Conditions
Tenant	Native Men's Residence
Landlord	City of Toronto
Term	50 years
Commencement Date	On or about December 1, 2023
Basic Rent	Nominal consideration
Net Lease	The Landlord shall not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the Demised Premises including, without limitation, the Building, or the use and occupancy thereof, or the contents thereof or the business or operation carried on therein, and the Tenant shall pay all charges, impositions, costs and expenses of every nature and kind whatsoever relating to the Demised Premises and the use thereof by the Tenant including, without limitation, the costs of all insurance and all Taxes, save and except as is otherwise provided for in this Lease and/or the Contribution Agreement, as well as all costs and expenses incurred with respect to any shared facilities or reciprocal agreement affecting the demised premises.
Use	The Tenant shall use, manage and operate the Demised Premises solely, continuously and actively for the sole purpose of providing affordable rental housing, together with all ancillary uses including the provision of support services for Tenants.

Proposed	Terms and Conditions
Tenant's Right to Mortgage	<p>Provided that the Tenant is not in default under the Lease or the Contribution Agreement in each case which default persists beyond any applicable cure period, the Tenant shall have the right at any time and from time to time to mortgage this Lease and the Tenant's leasehold interest in the Demised Premises. The Leasehold Mortgage may be granted by way of assignment or otherwise. The Tenant shall also have the right to extend, modify, renew or replace any such Leasehold Mortgage with another Leasehold Mortgage, provided however that with respect to such Leasehold Mortgage.</p>
Assignment/Subletting	<p>The Tenant shall not Transfer or sublet all or any part of the Demised 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.</p>
Indemnity	<p>Other than in respect of the Excluded Liability, the Tenant shall indemnify and save harmless the Landlord from any and all costs, expenses, claims, actions and losses of every nature and kind whatsoever and of and from all liabilities of every nature and kind whatsoever in connection with the Demised Premises and this Lease, whether accrued, actual, contingent.</p>
Insurance	<p>The Tenant shall acquire insurance as required by the City. The Tenant shall, at all times during the Term, insure and keep insured the Demised Premises in an amount not less than the amount equal to that which would be required to replace or repair any loss or damage (the "Replacement Cost") thereof against loss or damage by perils of "all risks" (being the perils from time to time included in the standard "all risks" policy issued by insurers from time to time).</p> <p>The Tenant shall, at all times during the Term, maintain or cause to be maintained comprehensive general liability insurance in such amounts and to such extent as a prudent owner of such a Demised Premises would, from time to time, carry (which amount shall initially be not less than Five Million Dollars (\$5,000,000.00) for any personal or bodily injury, death, property damage or other claim in respect of any one accident or occurrence) and with provisions for cross liability and severability of interests.</p>

Proposed	Terms and Conditions
Repairs and Maintenance	<p>The Landlord shall not be obliged to furnish any services, maintenance, repairs or facilities to the Demised Premises, it being agreed by the Tenant that the Landlord shall not at any time during the term of this Lease be required or called upon to make any repairs in or to the Demised Premises of any nature or kind whatsoever.</p>
Reserve Fund	<p>The Tenant shall The Tenant to establish a reserve fund and shall ensure that, at the end of each Lease Year an amount equal to five per cent (5%) of the aggregate annual effective gross income (including all subsidies) from the Demised Premises is deposited into the reserve fund.</p>
Environmental Matters	<p>The Tenant shall not cause or allow any Hazardous Materials to be used, generated, stored, or disposed of on, under or about, or transported to or from, the Demised Premises except in strict compliance, at the Tenant's expense, with all applicable Environmental Laws and using all necessary and appropriate precautions which a prudent operator would exercise.</p> <p>The Landlord shall not be liable to the Tenant for any Hazardous Materials Activities conducted on the Demised Premises during the Term however caused, whether or not consented to by the Landlord.</p> <p>The Tenant shall indemnify, defend with counsel, and hold the Landlord harmless from and against any claims, damages, costs and liabilities arising out of any and all such Hazardous Materials Activities.</p>