

Creating 40 New Supportive Homes at 11 Brock Avenue

Date: September 7, 2021

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat

Wards: Ward 4 - Parkdale High Park

SUMMARY

At its meeting of October 2, 2019, City Council authorized the City of Toronto to enter into an Agreement of Purchase and Sale to acquire 11 Brock Avenue, with the intention of securing a not-for-profit housing provider to redevelop the property for the purpose of creating affordable housing. Following this, the City acquired title to the property on December 19, 2019.

This report provides an update on the pre-development work completed to-date, recommends funding to complete additional pre-development work, and recommends that the site be declared surplus with the intention of leasing it to a not-for-profit housing provider to be selected through a competitive Request for Proposals process. Finally, this report recommends that \$2,800,279 in Open Door Program incentives be provided to enable the development and operation of the affordable rental housing for a period of 99 years.

Staff have undertaken preliminary planning work and have determined that the subject property would support a low-rise apartment building and could provide the opportunity for housing approximately 40 individuals. The new homes will be made available to vulnerable and marginalized residents including people experiencing or at risk of homelessness. Staff will also work with the selected non-profit operator to ensure that a range of wrap-around support services are provided onsite to help residents improve their health and socio-economic outcomes, and maintain long-term housing stability.

RECOMMENDATIONS

The Executive Director, Housing Secretariat recommends that:

1. City Council declare the City-owned property at 11 Brock Avenue surplus, with the

intended manner of disposal to be by way of a long-term lease to a non-profit affordable housing provider to be selected through a competitive process, and City Council direct staff to take all steps necessary to comply with the City's real estate disposal process set out in Article 1 of Toronto Municipal Code Chapter 213, Real Property.

2. City Council direct the Executive Director, Housing Secretariat, in consultation with the Executive Director, Corporate Real Estate Management, to issue a competitive request for proposals (RFP) to identify a non-profit affordable housing provider to develop and operate an affordable housing project on the site, under a 99-year lease, with the successful non-profit provider to be approved by Council.

3. City Council authorize the Executive Director, Housing Secretariat, to provide capital funding from the Development Charges Reserve Fund for Subsidized Housing (XR2116) in the amount not to exceed \$100,000, inclusive of the Harmonized Sales Tax and disbursements, to pay for pre-development and due diligence services considered necessary to ensure a successful, competitive proposal call to identify a non-profit developer and operator with respect to the City-owned property at 11 Brock Avenue, including but not limited to environmental, engineering, planning, financial, community and non-profit engagement or other services.

4. City Council authorize the Executive Director, Housing Secretariat to pay for pre-development and due diligence services outlined in Recommendation 3 above from the Capital Revolving Reserve Fund for Affordable Housing (XR1058), to a maximum of \$500,000 inclusive of the Harmonized Sales Tax and disbursements, fully funded from the development at 51-77 Quebec Avenue and 40-66 High Park Avenue (Source Account: XR3026-3700854).

5. Pursuant to Recommendation 4 above, City Council authorize the transfer of \$500,000 from the Section 37 Reserve Fund (Source Account: XR3026-3700854) to the Capital Revolving Reserve Fund for Affordable Housing (XR1058).

6. City Council authorize up to 40 affordable rental housing units to be developed at 11 Brock Avenue to be exempt from the payment of development charges, building, planning and parkland dedication fees.

7. City Council authorize an exemption from taxation for municipal and school purposes for 99 years for up to 40 affordable rental units to be constructed on the lands known as 11 Brock Avenue.

8. City Council authorize the Executive Director, Housing Secretariat to negotiate and enter into, on behalf of the City, a municipal housing project facility agreement (the "Contribution Agreement") with the successful non-profit provider for the development of the affordable housing to be constructed on the lands known as 11 Brock Avenue, to secure the financial assistance being provided and to set out the terms of the operation of the new affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form approved by the City Solicitor.

9. City Council authorize the Controller to cancel or refund any taxes paid after the effective date the Contribution Agreement.

10. City Council authorize, severally, each of the Executive Director, Housing Secretariat and the General Manager, Shelter, Support and Housing Administration to execute, on behalf of the City, any security or financing documents required by the successful non-profit housing provider to secure construction and conventional financing and subsequent refinancing, including any postponement, tripartite, confirmation of status, discharge or consent documents of any City security documents where and when required during the term of the municipal housing facility agreement, as required by normal business practices, and provided that such documents do not give rise to financial obligations on the part of the City that have not been previously approved by City Council.

11. City Council amend the Approved 2021-2030 Capital Budget and Plan for Housing Secretariat through an increase of \$600,000 in the project cost and 2021 cash flow for the Rental Development Project, to support the pre-development work at 11 Brock Avenue funded from the Capital Revolving Reserve Fund for Affordable Housing (XR1058) and the Development Charges Reserve Fund for Subsidized Housing (XR2116) pursuant to Recommendations 3 to 5 above.

FINANCIAL IMPACT

This report recommends the provision of up to \$600,000 in total pre-development funding, inclusive of HST and disbursements to support pre-development activities and due diligence work, including abatement of contaminants, demolition, and site remediation. This amount is funded by \$100,000 from the Development Charge Reserve Funding for Subsidized Housing (DCRF) (Source Account: XR2116) and \$500,000 from the Section 37 Reserve Fund from the developments at 51-77 Quebec Avenue and 40-66 High Park Avenue (Source Account: XR3026-3700854).

In addition, the report recommends the provision of an estimated \$2,800,279 in Open Door incentives as detailed in Table 1 below.

Table 1 - City Financial Incentives

Affordable Rental Homes	Estimated Affordability Period	Estimated Development Charges*	Estimated Planning Fees and Charges**	Estimated Net Present Value of Property Taxes†	Estimated Total Value of Incentives
40	99 years	\$1,334,320	\$300,839	\$1,165,120	\$2,800,279

*Calculated using November 2020 rates

**Includes estimated 2020 building permit fees of \$53,563, 2021 planning fees of \$47,276, and parkland dedication fees of \$200,000

†Calculated using 2021 property tax rates.

The City incentives for the affordable rental units recommended by this report are within the approved ten-year Open Door Program financial plan to support implementation of the overall HousingTO 2020 – 2030 Action Plan. The City's financial incentives include relief from planning application fees, development charges, parkland dedication fees, and building permit fees as well as anticipated assistance to support the development process.

The incentives also include relief from property taxes for municipal and school purposes for the 99 year affordability period. The value of the annual property tax exemption is estimated at \$36,933 at 2021 rates. The net present value over the 99 year-term is estimated at \$1,165,120 as summarized in Table 2 below.

A tax exemption would have no net present impact to the City for the educational portion of taxes remitted to the Province.

Table 2 - Property Tax Exemption

Property Tax	Annual	NPV: 99 Years
City	\$27,278	\$860,551
Education	\$9,248	\$291,750
City Building	\$406	\$12,819
Total:	\$36,933	\$1,165,120

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

EQUITY IMPACT

The HousingTO 2020-2030 Action Plan ("HousingTO Plan") envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 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, sustainable and liveable communities.

The proposed development at 11 Brock Avenue would increase the opportunity for those in need of supportive housing, including those from equity-deserving groups, to access and maintain good quality, safe, affordable homes. The accessible homes to be created at this site will also help persons with disabilities and improve their housing and health outcomes.

Access to good quality, safe, affordable housing is an important determinant of health and also improves the social and economic status 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 October 2, 2019, City Council authorized the City of Toronto to enter into an Agreement of Purchase and Sale to acquire 22 Brock Avenue from the Liquor Control Board of Ontario (LCBO), and authorized the necessary City officials to complete the transaction on behalf of the City of Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.GL7.13>

At its meeting on December 4, 5 and 13, 2018, City Council approved the budget adjustment to increase Shelter, Support and Housing Administration by \$75,000 to complete the necessary due diligence work at 11 Brock Avenue as approved by City Council on July 23, 2018.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.7>

At its meeting held on July 23, 24, 25, 26, 27 and 30, 2018, City Council directed the Director, Real Estate Services and the Director, Affordable Housing Office, to complete the necessary due diligence on 11 Brock Avenue and to report back on the results and source of funding to support the proposed acquisition.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.EX36.50>

At its meeting held on April 26, 27 and 28, 2017, City Council authorized the Affordable Housing Office to enter into agreements and engage in pre-development investigations and due diligence considered necessary to ensure a successful affordable housing call for the property at 11 Brock Avenue.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX24.17>

At its meeting held on July 7, 8 and 9, 2015, City Council directed the City Manager to advise Infrastructure Ontario that the City of Toronto has an interest in the Property at 11 Brock Avenue and to request a meeting with Infrastructure Ontario and the Ministry of Economic Development Employment and Infrastructure to discuss options for developing the site at 11 Brock Avenue for the purpose of building affordable housing.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.MM8.19>

COMMENTS

Site Context

The Subject Property (see Attachment 1) contains a vacant building, formerly a Liquor Control Board of Ontario (LCBO) store, and a surface parking lot.

Previous environmental due diligence on the property and the preliminary Phase 1 and Phase 2 Environmental Site Assessments (ESA) have been completed. Minor amounts of contamination have been noted in soil samples on the lands, which will be

remediated through the demolition and abatement process, leading to a Record of Site Condition necessary for residential use.

The redevelopment of the Subject Property will allow for the creation of new affordable rental homes in downtown Toronto. It is well-supported by public transit and is adjacent to the main street amenities of Queen Street West. The residential redevelopment of the Property also provides a revitalization opportunity to the local area and the neighbourhood community.

Planning Context

The site is designated as Neighbourhoods in the City's Official Plan and is suitable for a low rise infill development. The site is zoned "I" – Industrial in Zoning By-law 438-86. A permissive exception exists in the applicable section of the by-law which exempts developments proposed for the purposes of the public service on City-owned lands from otherwise applicable zoning requirements, subject to compliance with certain conditions.

As a result of the permissive exception for developments for the purposes of the public service, an application for rezoning or minor variance would not be necessary in order to permit a four-storey building on this site, subject to compliance with certain conditions. The built form of adjacent low-rise properties has informed the massing of the four-storey building anticipated for the site, which is anticipated to contain up to 40 dwelling units as shown in Attachment 1.

A Site Plan Application is required to be submitted by the selected not-for-profit, which will secure the City's technical development standards, such as site servicing, landscape requirements, and other details.

Request for Proposals

Concurrent to site preparation work, staff will prepare and release a Request for Proposals ("RFP") to identify a not-for-profit supportive housing provider to develop the site and operate the building as affordable housing for a period of 99 years. The RFP will be targeted to non-profit providers focused on housing individuals at-risk of or experiencing homelessness. Proponents will be evaluated based on their experience in successfully operating affordable and supportive housing including experience providing property management services and delivering onsite supports for a range of needs, either independently or in partnership with other service providers.

The City will retain ownership of the lands, which will be leased to the non-profit provider for 99 years.

It is anticipated that the RFP will be released towards the end of 2021, with a non-profit provider to be selected in early 2022.

The Housing Secretariat and Corporate Real Estate Management divisions will continue to work collaboratively on all real estate matters impacting City interests with respect to 11 Brock Avenue. City staff will utilize delegated authorities or seek City Council

authority as necessary, to execute, administer and manage any lease, construction or ancillary agreements.

Conclusion

The HousingTO Plan sets a target of 40,000 new affordable rental homes, including 18,000 supportive housing units by 2030. The HousingTO Plan also identifies that increasing the supply of supportive housing is critical to addressing the housing and health needs of vulnerable and marginalized residents, including people with disabilities who often require specialized supports to achieve and maintain stable housing.

While there is a legacy supply of supportive housing across the city, the demand for this type of housing has outstripped supply and will continue to grow due to a number of factors, including but not limited to: the increasingly complex health and housing needs of residents; an aging population; and a challenging housing and homeless situation which has been compounded by the ongoing COVID-19 crisis. As such, the City continues to focus on working with all orders of government and the non-profit and private sectors to increase the supply of affordable homes and provide a range of supportive services for a range of needs.

Using this City-owned land at 11 Brock Avenue to develop up to 40 supportive homes will provide much-needed affordable housing options for low-income households, including those experiencing or at risk of homelessness.

Subject to Council's approval of the recommendations in this report and following the selection of a non-profit provider, it is anticipated that the construction will be completed at the end of 2023, with occupancy beginning in 2024.

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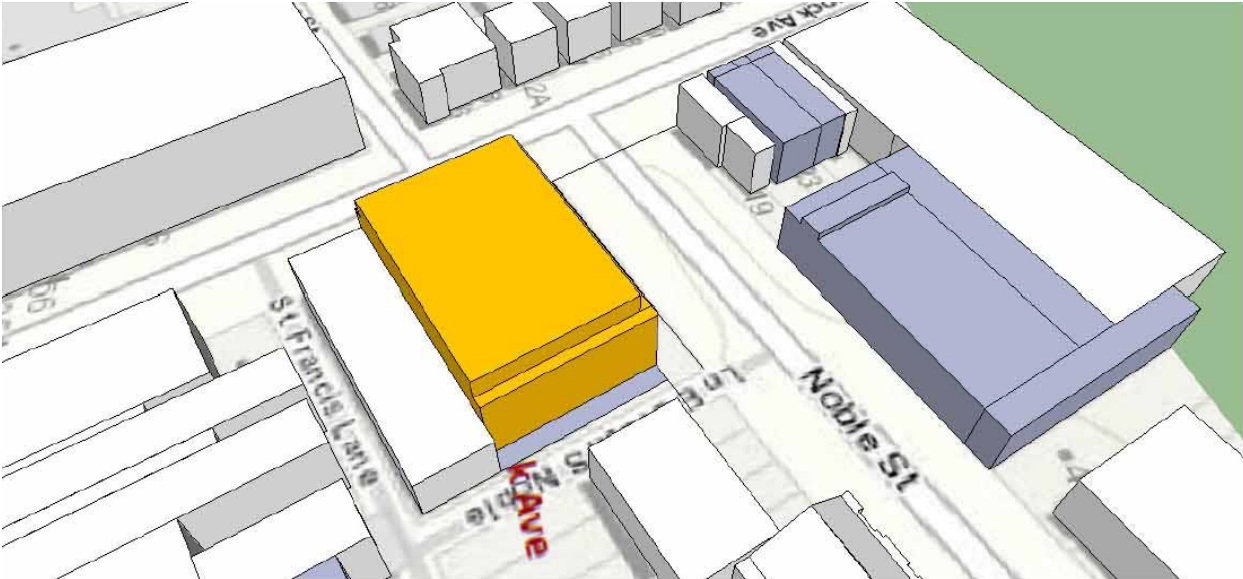
SIGNATURE

Abigail Bond
Executive Director, Housing Secretariat

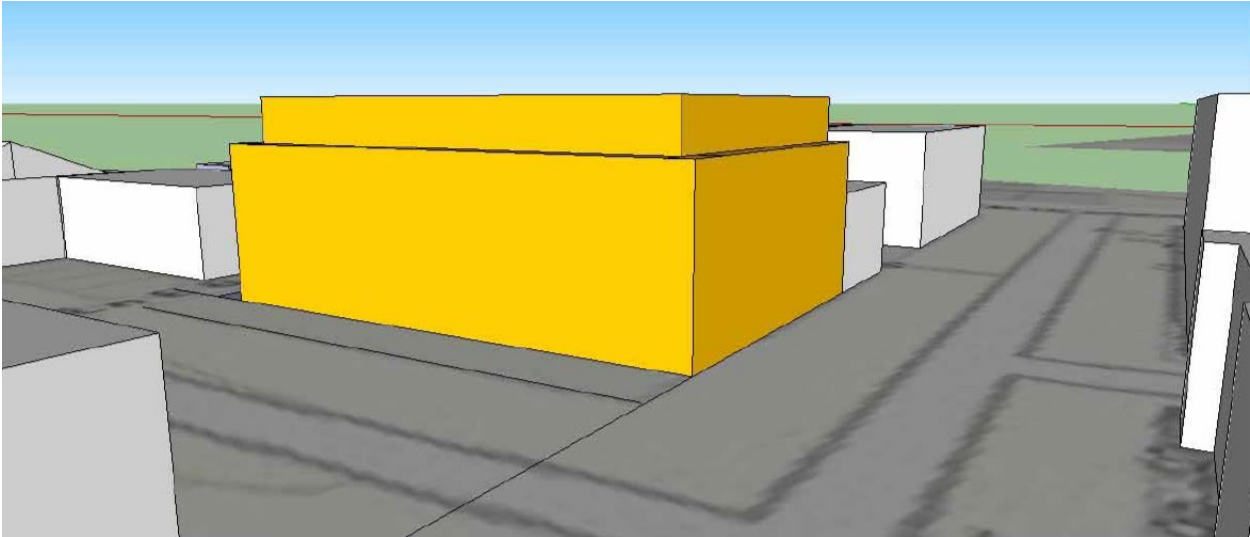
ATTACHMENTS

Attachment 1 - Preliminary Massing for 11 Brock Avenue

Attachment 1 - Preliminary Massing of 11 Brock



View from southeast



View from northwest