

Creating New Affordable Transitional Housing at 161 Spadina Road - Sublease Agreement with Thunder Woman Healing Lodge Society

Date: February 1, 2022

To: City Council

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

Wards: Ward 11 - University-Rosedale

SUMMARY

The purpose of this report is to obtain authority for the City to enter into a nominal sublease agreement for a twenty-year term (the "Sublease") and a Municipal Housing Facility Agreement with Thunder Woman Healing Lodge Society (the "Subtenant") for use of the property located at 161 Spadina Road (the "Leased Premises") as affordable transitional housing for Indigenous women. The Subtenant is an Indigenous not-for-profit, charitable organization dedicated to supporting the healing of Indigenous women after leaving correctional facilities.

The City of Toronto leases the Leased Premises from the Province of Ontario pursuant to a 99-year lease expiring November 30, 2083 (the "Head Lease"). The Head Lease permits the City to sublease and license the property to third parties without consent.

The Subtenant is proposing to renovate the residential portion of the Leased Premises to provide transitional affordable housing, cultural supports, and counselling services for Indigenous 2SLGBTQIA+ women. The Subtenant has successfully operated its programs from a rented private property in Cabbagetown since November 2020. However, the lease for the Cabbagetown property expires in March 2022 and is not renewable. As such, City Council approval of the proposed Sublease will enable the Subtenant to continue to provide transitional affordable housing and a range of supports long-term to address the urgent needs of this uniquely vulnerable and marginalized equity-deserving group.

In addition, under the recommended Sublease, the Subtenant will be responsible for the renovation and ongoing repairs, maintenance and operation of the Leased Premises as transitional affordable housing with supports throughout the Sublease term. The

Subtenant will also be responsible for all realty taxes and operating costs associated with the Leased Premises for the duration of the Sublease.

The City of Toronto is committed to advancing its efforts to truth, reconciliation and justice with Indigenous Peoples who continue to be overrepresented among the city's homeless population. As part of implementing the HousingTO 2020-2030 Action Plan ("HousingTO Plan"), the City is committed to improving housing outcomes for Indigenous residents in partnership with Indigenous organizations. This includes increasing culturally-appropriate affordable and supportive housing for Indigenous communities, by Indigenous organizations. The recommended Sublease agreement with the Subtenant helps advance these commitments.

RECOMMENDATIONS

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

1. City Council authorize the City to enter into a twenty (20) year, nominal sublease agreement (the "Sublease") with Thunder Woman Healing Lodge Society (the "Subtenant") for the use of the property located at 161 Spadina Road (the "Leased Premises"), substantially on the major terms and conditions as set out in Attachment 1, and other terms and conditions as may be deemed appropriate by the Executive Director, Corporate Real Estate Management, or their designate, and in a form acceptable to the City Solicitor.
2. City Council authorize the Executive Director, Housing Secretariat to negotiate and execute, on behalf of the City, a Municipal Housing Facility Agreement (the City's Contribution Agreement) with Thunder Woman Healing Lodge Society to secure financial assistance and to set out the terms of the renovation and operation of the new affordable transitional housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, and in a form acceptable to the City Solicitor.
3. City Council authorize the City Solicitor to complete the agreements on behalf of the City, including amending the commencement date of the agreements and other dates, and amending terms and conditions, on such terms as the City Solicitor deems advisable.
4. City Council authorize an exemption from taxation for municipal and school purposes for the transitional affordable housing at 161 Spadina Road for a period of twenty (20) years.
5. City Council authorize the Controller to cancel or refund taxes paid after the effective date of the Municipal Housing Facility Agreement (the City's Contribution Agreement) for the new transitional affordable housing at 161 Spadina Road.

FINANCIAL IMPACT

The new Sublease agreement will be a completely care free net sublease to the City. The Subtenant is not required to pay annual basic rent but will be responsible for any operating costs, charges and taxes arising from its use of the site. The Subtenant will also be responsible for construction and renovation costs associated with converting the Leased Premises into a transitional housing site.

The annual property taxes on the entire property consisting of 4,020 square feet of space (currently taxable) to be occupied by Thunder Woman Healing Lodge Society are estimated at approximately \$6,910, comprised of a municipal portion of \$5,180 and a provincial education portion of \$1,730, based on 2021 Current Value Assessment ("C.V.A.") and 2021 tax rates.

As shown in Table 1 below, providing a property tax exemption for the 4,020 square feet of space at 161 Spadina Road will result in a net annual reduction in property tax revenue to the City of approximately \$5,180, representing the municipal portion of taxes currently payable that will no longer be collected once the Leased Premises are designated as a municipal housing facility. The provincial education portion of property taxes of \$1,730 will no longer be required to be remitted to the Province once the exemption for the Leased Premises takes effect.

Table 1: Financial Implication of Property Tax Exemption - 161 Spadina Road

Location	Municipal Taxes	Education Taxes	Total Property Taxes
161 Spadina Road – 1904-05-1-410-04400	\$5,180	\$1,730	\$6,910
Total Amounts Payable if Exempt	\$0	\$0	\$0
Reduction in Municipal Tax Revenues			\$5,180
Reduction in Education Taxes Remitted			\$1,730

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

EQUITY IMPACT STATEMENT

The HousingTO Plan envisions a city in which all residents have equal opportunity to develop to their full potential. Supporting the progressive realization of the right to adequate housing, the HousingTO Plan recognizes that creating new affordable homes and appropriate supports will increase the opportunity for structurally vulnerable and marginalized individuals, including Indigenous Peoples, Black people and other racialized groups, seniors, women, and members of the 2SLGBTQ+ community to access safe, affordable and adequate homes.

The actions proposed in this report will support the City's commitment to truth, reconciliation and justice with Indigenous Peoples. These commitments acknowledge that Indigenous Peoples are overrepresented among Toronto's homeless population as a result of historical trauma, oppression, racism and discrimination. As such, it is critical to increase access to culturally-appropriate, affordable housing and support services for Indigenous residents.

Safe, secure, affordable housing is an important determinant of health. It improves the social and economic status of individuals, families and communities. 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

On September 30, October 1 and 2, 2020, City Council adopted the HousingTO 2020-2030 Implementation Plan as the accountability framework to monitor the City's progress towards delivering on the actions identified in the HousingTO 2020-2030 Action Plan over the next 10 years and established a set-aside target of 5,200 affordable and supportive homes to be approved for Indigenous communities and be delivered by Indigenous housing providers. The City Council Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH16.5>

On December 17 and 18, 2019, City Council adopted item PH11.5 HousingTO 2020-2030 Action Plan. The Action Plan committed to developing a dedicated Indigenous grants funding stream for housing and homelessness supports as well as developing a dedicated allocation of the 40,000 new affordable rental and supportive homes approvals over the next 10 years to First Nations, Inuit and Métis peoples through collaboration with housing providers and on sites suitable for developing culturally appropriate affordable rental and supportive housing. The City Council Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

At its meeting on December 9, 2015, City Council in consultation with the Aboriginal Affairs Committee, identified eight (8) Calls to Action from the Truth and Reconciliation Commission of Canada's report as priorities for implementation. The City Council Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX10.16>

In July of 2010 Toronto City Council adopted the report Statement of Commitment to Aboriginal Communities in Toronto – Towards a Framework for Urban Aboriginal Relations in Toronto. In that report it was recommended that an Action Plan be developed in consultation with the Aboriginal Affairs committee to give effect to the commitments contained in the report. The City Council Decision can be found here: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2010.EX45.5>

COMMENTS

Implementing the HousingTO 2020-2030 Action Plan

In December 2019, City Council adopted the HousingTO Plan with a Key Strategic Action to enhance partnerships with Indigenous community partners, and to support them in their advocacy efforts to the federal and provincial governments for Indigenous-led solutions to raise housing standards for Indigenous Peoples to that of non-Indigenous populations by 2030.

In recognition of the need for Indigenous-specific and Indigenous-led solutions, City Council in October 2020 approved an allocation of 5,200 new affordable and supportive homes for Indigenous Peoples (First Nations, Inuit and Métis Peoples) to be directly delivered by Indigenous housing providers. The 5,200 new homes allocation was co-developed with Indigenous housing providers in an effort to end chronic homelessness for Indigenous residents who are overrepresented among people experiencing homelessness in Toronto, and to improve housing stability for those at risk of homelessness.

Property Background

The City of Toronto leases 161 Spadina Road (the "Leased Premises") from the Province of Ontario pursuant to a 99-year lease expiring November 30, 2083 (the "Head Lease"). The Head Lease permits the City to sublease and license the property to third parties without consent.

The Subtenant and Future Transitional Housing Site

Thunder Woman Healing Lodge Society (the "Subtenant") is an Indigenous-led registered charity committed to reducing the over-representation of First Nations, Métis, and Inuit 2SLGBTQIA+ women in Canada's jails. Established in 2016, the Subtenant is a member of the Toronto Aboriginal Support Services Council ("T.A.S.S.C."), the City of Toronto's Indigenous Housing Providers working group, and the Toronto Indigenous Community Advisory Board.

Indigenous women are often criminalized victims of systemic racism, violence, and trafficking. To address the root causes of conflict with the law, over-incarceration, and recidivism, the Subtenant provides community-based, culturally appropriate services for First Nation (Status and Non-Status), Inuit, and Métis 2SLGBTQIA+ women exiting correctional institutions, and survivors of intergenerational trauma. Since November 2020, the Subtenant has successfully operated Niigaan M'Nikeng (The Way Forward) from privately rented premises in Cabbagetown. The Niigaan M'Nikeng program provides supervised congregate living accommodations with 24/7 support services and counselling for Indigenous women. With a focus on reducing recidivism, this program empowers women to shape alternative paths. The lease for this Cabbagetown property is due to expire March 31, 2022.

With funding support from Miziwe Biik Development Corporation and the Ministry of Municipal Affairs and Housing, the Subtenant will refresh the interior of the Leased Premises, renovating out of date mechanical and electrical systems to tailor it to client and staff needs as a healing lodge consistent with health and safety standards. Upon completion of the renovations, the Subtenant will relocate the Niigaan M'Nikeng program to the Leased Premises, providing supervised, shared living and 24/7 supports for up to 10 women. The rents will be set at no more than 100 percent of average market rent, as annually published by the Canada Mortgage and Housing Corporation. The City will work with the Subtenant to deepen affordability for future residents.

Planned renovations to the Leased Premises include improvements to the building envelope in the form of new windows, exterior woodwork remediation, and basement waterproofing; new radiators and pipes, fresh air and air conditioning systems; kitchen and bathroom improvements, as well as reorganization of interior functions without structural changes to better accommodate congregate living with 24/7 staff supports and Indigenous cultural programming.

Entering into a twenty (20) year nominal rate sublease with the Subtenant for the Leased Premises will advance the City's commitments as outlined in the HousingTO Plan and enable the Subtenant to address the urgent needs for programming and housing space for Indigenous women from a position of long-range stability.

Details of the Sublease

The proposed Sublease is a twenty (20) year nominal sublease agreement that would permit the Subtenant to occupy the Leased Premises, carry out construction and renovations to turn the Leased Premises into a transitional housing site, and operate the transitional housing site. The Subtenant is responsible for all applicable costs arising from the use of and occupancy of the Leased Premises. Other major terms and conditions are set out in Attachment 1.

CONTACT

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SIGNATURE

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Woman Healing Lodge Society

Abigail Bond
Executive Director, Housing Secretariat

ATTACHMENTS

Attachment 1 - Proposed Sublease Terms and Conditions
Attachment 2 - Location of Leased Premises

Attachment 1 - Proposed Sublease Terms and Conditions

The following are the major terms and conditions of the proposed sublease with Thunder Woman Healing Lodge Society:

Term No.	Heading	Terms
1.	Landlord	City of Toronto (the "Landlord" or the "City")
2.	Subtenant	Thunder Woman Healing Lodge Society (the "Subtenant")
3.	Leased Premises	The property known municipally as 161 Spadina Road, Toronto (the "Leased Premises").
4.	Condition of Premises ("As-is Where is")	The Leased Premises will be subleased "as is, where is" with no representations or warranties by the Landlord as to its existing condition, at the Commencement Date.
5.	Term	Twenty (20) years commencing on the date following the end of the Construction Period as defined below.
6.	Construction Period	Period of time commencing upon the effective date of the sublease agreement (incorporating the terms herein) and ending on the earlier of the completion of all Subtenant's Work to the City's and Subtenant's satisfaction, each acting reasonably.
7.	Extensions	There will be no further right to extend.
8.	Basic Rent	\$2 per year.
9.	Additional Rent	The Subtenant shall pay all operating costs and property taxes of the Leased Premises.
10.	Utilities	The Subtenant shall pay all utility costs of the Leased Premises.
11.	Maintenance	Subtenant to provide all janitorial services, cleaning services, repair, keep in repair, and maintain the Leased Premises including any buildings, building systems, equipment maintenance, repair and replacement, as well as snow removal, security, pest control and landscaping, etc.
12.	Permitted Use	The Subtenant shall use the Leased Premises for the operation of an affordable transitional housing program including providing supports and services.

Term No.	Heading	Terms
13.	Subtenant's Work	The Subtenant will carry out all necessary construction and renovations to support the Permitted Use of the Premises. All Subtenant's Work and all future leasehold improvements done from time to time to any part of the Premises, will be completed at the sole cost and expense of the Subtenant and without cost to the City, with all due diligence, in a good and workerlike manner. The Subtenant is responsible for obtaining all required planning and building approvals prior to occupancy of the Leased Premises.
14.	Subletting	The Subtenant shall not sell, assign or otherwise dispose of its rights and obligations under the Sublease or permit any other person or organization to occupy or use the Leased Premises, or any part thereof, or sublet the Leased Premises, or any part thereof, to a third party or in any way charge, encumber or pledge the Sublease or its interest therein.
15.	Insurance	At all times during the Term and any renewal thereof, the Subtenant at its own expense shall take out and keep in full force and effect appropriate all risks insurance (including flood and earthquake) property insurance , comprehensive general liability insurance, Subtenant's "all-risk" legal liability insurance; and any such other forms of insurance as the Chief Financial Officer and Treasurer of the City, acting reasonably, may require from time to time.
16.	Construction Liens	If any construction lien is registered against the building or the Leased Premises by reason of work done or materials supplied for or to the Subtenant or for or to anyone holding an interest in the lands through the Subtenant or if the Landlord is given notice of any such lien, the construction lien shall be discharged and vacated by the Subtenant and the Landlord shall be fully indemnified by the Subtenant. If the Subtenant fails to discharge or vacate any liens within the time periods set out in the Sublease, the Landlord may do so and may recover its costs as Additional Rent from the Subtenant.

Term No.	Heading	Terms
17.	Signage	Signs will be subject to the Landlord's consent, acting reasonably. The Subtenant shall not erect signs other than those relating directly to the uses within the Leased Premises. Third-party signage shall not be permitted. All exterior signs shall comply with all applicable laws, regulations and guidelines, including, without limitation, those relating to heritage, and the Subtenant shall be responsible for all costs and expenses relating to signage, including any required applications and permits.
18.	Indemnity	The Subtenant will fully indemnify and save harmless the Landlord, its respective employees, agents and those for whom it is at law responsible for of, from and against all claims whatsoever.
19.	Leasehold Mortgage	The Subtenant may enter into a leasehold mortgage with an institution approved by the City as leasehold mortgagee with the consent of the City, not to be unreasonably withheld subject to the terms and conditions of the Sublease.

Attachment 2 - Location of Leased Premises

