

## **Creating Transitional and Supportive Housing Opportunities at 1430 Gerrard Street East - Authority to Sublease, Exempt Property Taxes and Initiate Expropriation Proceedings**

**Date:** February 1, 2022  
**To:** Planning and Housing Committee  
**From:** Executive Director, Housing Secretariat  
**Wards:** Ward 14 - Toronto-Danforth

### **SUMMARY**

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This report recommends City Council approval for staff to create 23 new transitional and supportive housing opportunities at 1430 Gerrard Street East (the "Property") for a minimum period of five years, by way of extending the current two-year nominal rent sublease agreement with WoodGreen Community Housing Inc. ("WoodGreen") for an additional three years. In addition, this report recommends City Council approval to exempt property taxes for the duration of the sublease term which will help deepen affordability for future residents.

The Property is currently leased by the City and was previously operated as a temporary shelter location for the Red Door Shelter which moved into its new permanent location in June 2021. WoodGreen will operate the Property as part of its Homeward Bound program which provides transitional housing for single mothers who are experiencing or at-risk of homelessness and also supports them to earn college diplomas, start careers and achieve financial self-sufficiency. Additionally, some of the new homes will be allocated specifically for Indigenous single mothers reflecting the City's commitment to justice, truth and reconciliation.

Concurrent to the above, staff are seeking Council's authority to commence expropriation proceedings to acquire the Property for the purpose of creating permanent affordable rental housing. Through expropriation, the Property can be retained and secured as part of the City's affordable housing stock in perpetuity, protecting the homes for current and future residents.

Creating 23 new affordable and supportive homes at 1430 Gerrard Street East will support the City in delivering its [24-Month COVID-19 Housing and Homelessness Recovery Response Plan](#) ("24-Month Plan") in response to the ongoing COVID-19

pandemic which has disproportionately impacted vulnerable and marginalized residents, including people experiencing homelessness, Indigenous Peoples and women.

## **RECOMMENDATIONS**

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The Executive Director, Housing Secretariat, recommends that:

1. City Council authorize the Executive Director, Corporate Real Estate Management to negotiate and enter into a sublease extension agreement (the "Agreement") with WoodGreen Community Housing Inc. ("WoodGreen"), as subtenant, for that part of the lands and premises municipally known as 1430 Gerrard Street East (the "Property"), to extend the two (2) year nominal rent sublease for an additional three (3) years, on terms and conditions acceptable to the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, and in a form satisfactory to the City Solicitor.
2. City Council repeal By-law 1091-2016 and terminate the Municipal Capital Facility Agreement dated December 1, 2016 between the City and the owner of the Property.
3. City Council pass a by-law pursuant to Section 252 of the City of Toronto Act, 2006 providing authority to enter into a Municipal Capital Facility Agreement with WoodGreen, with whom the City has a sublease, for the subleased portion of the Property comprised of approximately 28,751 square feet of community space, for the purposes of providing a Municipal Capital Facility related to the provision of social and health services and ancillary parking; and exempt that part of the Property presently leased by the City from taxation for municipal and school purposes, with the tax exemption being effective from the latest of:
  - a. the commencement date of the sublease;
  - b. the date the Municipal Capital Facility is entered into; and
  - c. the date the Tax Exemption By-law is enacted.
4. City Council direct the City Clerk to give written notice of the By-law to the Minister of Finance, the Municipal Property Assessment Corporation, the Toronto District School Board, the Toronto Catholic District School Board, le Conseil scolaire Viamonde and le Conseil scolaire catholique MonAvenir.
5. City Council authorize the Executive Director, Housing Secretariat to amend the operating agreement between the City and WoodGreen in respect of the subtenancy at the Property, to extend the two (2) year initial term of the operating agreement for an additional three (3) years, on terms and conditions acceptable to the Executive Director, Housing Secretariat, and in a form satisfactory to the City Solicitor.
6. City Council authorize the Executive Director, Corporate Real Estate Management, or their designate, in consultation with the Executive Director, Housing Secretariat, to continue negotiations for the acquisition of the fee simple interest in the Property and authorize the initiation of expropriation proceedings for the Property for the purposes of affordable housing.

7. City Council grant authority to serve and publish the Notices of Application for Approval to Expropriate the Property, to forward to the Ontario Land Tribunal any requests for inquiries received, to attend the hearing(s) to present the City of Toronto's position, and to report the Ontario Land Tribunal's recommendations to City Council for its consideration.

## **FINANCIAL IMPACT**

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### *Sublease Extension*

This report recommends City Council approval to extend the current two-year nominal rent sublease agreement with WoodGreen for an additional three years. This sublease term extension will enable WoodGreen to operate the site as transitional and supportive housing for single months and their children.

### *Property Tax Exemptions*

The Leased Premises located at 1430 Gerrard Street East is leased by the City of Toronto and was exempt from taxation through an existing Municipal Capital Facility (MCF) agreement with the owner. Effective April 2021, the Municipal Property Assessment Corporation returned the property as taxable and property taxes were subsequently billed for the balance of the 2021 tax year.

As the City will be entering into a sublease agreement with Woodgreen, a taxable tenant, the existing MCF agreement will be terminated through recommendation in this report and the City will be entering into a new MCF agreement with Woodgreen. As such, this report recommends City Council approval of an exemption from property taxes for the duration of the sublease term which will help deepen affordability for future residents.

As shown in Table 1, the value of the annual property tax exemption on the Leased Premises located at 1430 Gerrard Street East for the 28,751 square feet of space are estimated at approximately \$70,094 comprised of a municipal portion of \$46,863 and a provincial education portion of \$23,231 based on 2021 Current Value Assessment (CVA) and 2021 tax rates.

Table 1: Financial Implication of Property Tax Exemption – 1430 Gerrard Street East

Location	Municipal Taxes	Education Taxes	Total Property Taxes
1430 Gerrard Street East 1904-08-3-480-02400	\$46,863	\$23,231	\$70,094

Any financial impacts that may arise following the commencement of expropriation proceedings as outlined in the comments will be provided by way of a report to the

General Government and Licensing Committee. It should be noted that property taxes are currently in arrears of \$489,060. Should the City proceed with expropriation, the tax arrears and interest owing to the City would be deducted from any proceeds otherwise due to the owner. The City has also arranged to attorn the rent as a means to recover the tax arrears.

Further If expropriation is approved by City Council, staff will report back to City Council through the General Government and Licensing Committee (GGLC) for approval of the expropriation (the "Stage 2 Report"), providing details of estimated property values and any other anticipated costs (including legal and appraisal costs, land transfer tax costs and other associated costs stipulated under the Act), and if a hearing is requested, the report of the Ontario Land Tribunal. The Stage 2 report will also propose a funding source to finance the acquisition.

### *Operating Funding*

The City has requested that the province provide a commitment for operating funding to create supportive housing opportunities at the Property. This commitment of operating funding (i.e. funding for housing benefits and supportive services) is critical for the City and WoodGreen to be able to provide deeply affordable homes plus a range of wraparound health and social services for future residents. Should operating funding not be received from the province, the homes will need to be operated as affordable housing without supports.

The Chief Financial Officer and Treasurer has been informed of the recommendations in this report.

## **EQUITY IMPACT STATEMENT**

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The HousingTO 2020-2030 Action Plan ("HousingTO Plan") envisions a city in which all residents have equal opportunity to develop to their full potential. It is centred on a human rights-based approach to housing which 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 actions in the HousingTO Plan also reflect and advance the City's commitment to the progressive realization of the right to adequate housing.

A key component of the HousingTO Plan is to increase the supply of permanent affordable rental and supportive housing to help the most vulnerable and marginalized residents, including Indigenous Peoples and those from other equity-deserving communities, live in dignified housing with appropriate supports. Approval of the recommendations in this report will enable City staff to create new affordable and supportive housing opportunities for over 23 single mothers and their children, plus provide them with access to supports to improve their health, social and economic wellbeing.

Safe, adequate, affordable housing is an important determinant of health and supports improved health, housing and socio-economic outcomes for people. Safe, adequate, affordable is also a cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and country as a whole.

## **DECISION HISTORY**

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At its meeting of December 16, 17, and 18 2020, City Council adopted Item No. PH19.11, "Emergency Housing Action" which included the City's 24-month COVID-19 Housing and Homelessness Response Plan to create 3,000 new permanent affordable and supportive housing units. It also reiterated various requests of other orders of government to improve program delivery and ensure the success of new residents of these homes. The City Council decision can be found at:  
<https://www.toronto.ca/legdocs/mmis/2020/cc/bgrd/backgroundfile-159533.pdf>

At its meeting of September 30 and October 1, 2020, City Council adopted, with amendments, Item No. PH16.8, "Addressing Housing and Homelessness in Toronto through Intergovernmental Partnership" which described needed investments from both the Provincial and Federal governments. The report also outlined the City's 24-Month COVID-19 Housing and Homelessness Recovery Response Plan aimed at providing dignified, stable permanent housing options for 3,000 people experiencing chronic homelessness within the shelter system, with the support of the Federal and Provincial governments. The City Council decision can be found at:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH16.8>

At its meeting of December 17-18, 2019 City Council adopted PH11.5 "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 emergency shelters and transitional housing, social and supportive housing, market and affordable rental housing and home ownership. The City Council decision can be found at:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH11.5>

At its meeting of November 8, 2016, City Council adopted CD15.9 "An Interim Home for the Red Door Shelter" which approved the relocation of the Red Door Shelter within Ward 30, and authorized the City to enter into a lease for a 5-year term with the option to extend, for the property at 1430 Gerrard Street East and to develop and implement a transitional housing program for families at the property.  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.CD15.9>

## **COMMENTS**

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### **Background**

Since 1982, the Red Door Shelter has provided shelter for women and their children at 875 Queen Street East in South Riverdale. In 2014, the site was placed into

receivership and subsequently purchased for redevelopment to create residential condominium units. Under the leadership of ward Councillor Paula Fletcher, in 2015 as part of the redevelopment of the 875 Queen Street East site, 20,000 feet of brand new, purpose-built shelter space with 94 beds was secured by the City of Toronto. The shelter is co-located within the condominium building and opened in June 2021 as the Red Door Shelter's new permanent home.

During the redevelopment of 875 Queen Street East, part 1430 Gerrard Street East was leased by the City in order to provide the Red Door Shelter with a temporary location. In 2021, this lease was extended until 2026 for the purpose of creating transitional and supportive housing for people experiencing homelessness as part of the City's 24-Month Housing and Homelessness Recovery Response Plan.

While the lease term runs until 2026, the current sublease with WoodGreen is only for a two-year term based on previous Council approvals. As such, this report is recommending an extension of the sublease so that its expiration is contemporaneous with the lease. This extension will also allow WoodGreen to operate its transitional housing program for single mothers who provides housing for four years.

### **24-Month Housing and Homelessness Recovery Response Plan**

On December 16, 17, and 18, 2020, City Council adopted Item [PH19.11](#) - "Emergency Housing Action" which provided an update on the City's 24-Month COVID-19 Housing and Homelessness Recovery Response Plan ("24-Month Plan") plus recommended additional actions and investments to accelerate the implementation of the Plan in response to the ongoing COVID-19 pandemic. The 24-Month Plan aims to create 3,000 permanent housing opportunities for people experiencing homelessness by the end of 2022.

Through Item PH19.11, Council also re-directed \$47 million in capital funding from the Shelter, Support & Housing Administration division to the Housing Secretariat for the purpose of securing real estate assets appropriate to create new affordable and supportive housing. Council also authorized staff to enter into agreements with qualified non-profit organizations to operate the sites.

The 23 units secured at 1430 Gerrard Street East property will contribute towards the 24-Month Plan targets. The City has also undertaken renovations of the building to make it safe, secure and suitable for future occupants.

The City is on track to exceed its targets in the 24-Month Plan. By the end of 2022, the City will have created more than 2,000 new permanent supportive homes through a combination of federally-funded Rapid Housing Initiative projects (modular buildings, acquisitions and/or conversions), phase two of the City's Modular Housing Initiative, and through the Rapid Re-Housing program with Toronto Community Housing (providing rent-geared-to-income units with supports). The City will also have delivered 1,000 Canada-Ontario Housing Benefits to assist households to secure affordable housing.

In addition to the above, 402 additional affordable rental units will be made available for occupancy in 2022 through the Open Door program.

## **Expropriation**

Staff are requesting Council's authority to commence expropriation proceedings to acquire the Property to create permanent affordable rental housing. Negotiations with the owner to acquire the Property have been ongoing but have not progressed because the owner has not been responsive to City's attempts to discuss the possible acquisition of the Property. Further, the holders of several mortgages on the Property have commenced enforcement proceedings under their respective mortgages, which has further complicated the City's attempts to discuss the possible acquisition of the Property. The acquisition, and if necessary, expropriation, will be for the entirety of the Property, which includes ground floor commercial space. The City will assume any existing commercial leases as a part of the acquisition, or expropriation, of the Property.

This is Stage 1 of the expropriation process. Should City Council adopt the recommendations in this motion, City staff may serve and publish the Notice of Application for Approval to Expropriate on the registered owner. Owners, as defined in the Expropriations Act (the "Act"), will have 30 days to request a hearing into whether the City's proposed taking is fair, sound and reasonably necessary.

Staff will report back to City Council through the General Government and Licensing Committee (GGLC) for approval of the expropriation (the "Stage 2 Report"), providing details on estimated property values and any other anticipated costs (including legal and appraisal costs, land transfer tax costs and other associated costs stipulated under the Act), and if a hearing is requested, the report of the Ontario Land Tribunal. The Stage 2 Report will also include details on the funding source for the acquisition. The proposed expropriation would only be effected after adoption by City Council, as approving authority, of the Stage 2 Report, by registration of an expropriation plan, which would then be followed by the service of notices as required by the Act.

Before the City can take possession of the Property, offers of compensation based on appraisal reports must be served on the registered owner.

## **Conclusion**

The 23 units at 1430 Gerrard Street East will contribute towards the targets in the City's 24-Month Plan and new homes will provide much-needed transitional housing opportunities for low-income single mothers, including Indigenous women and those experiencing homelessness. In addition, through the partnership with WoodGreen, future residents will be supported to earn college diplomas, start careers and achieve financial self-sufficiency.

Furthermore, City Council's approval of the recommendations in this report will allow staff to take the necessary actions to secure 1430 Gerrard Street East for transitional housing purposes in the short term, while concurrently pursuing expropriation to preserve the homes as part of the permanent housing stock in Toronto.

## **CONTACT**

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## **SIGNATURE**

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