

Preserving Affordable Homes at 38 Abell Street & 210 Simcoe Streets

Date: May 28, 2026

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat; Executive Director, Corporate Real Estate Management; General Manager, Economic Development and Culture

Wards: Ward 9 –Davenport; Ward 10 – Spadina – Fort York

SUMMARY

In August 2023, Toronto Artscape Inc. (Artscape), a non-profit operator of affordable housing and community cultural spaces, announced that it had become insolvent and that its assets would be put up for sale by a court-appointed receiver. Through Item 2023.MM11.32, City Council provided direction to the City Solicitor to participate in the receivership proceedings with a view to protecting the City's property and interests in affordable housing and affordable not for profit community arts and culture space, and provided authority to settle or take reasonable steps to preserve the affordable housing units and non-profit cultural spaces that had been operated by Artscape.

This report provides an update, as directed by City Council through 2023.MM11.32, on the outcome of the City's efforts to protect residential and non-profit cultural tenants impacted by the receivership proceedings, and requests authorities needed to protect the existing tenancies and preserve affordable rental housing.

As part of the response to the receivership, the City worked with Artscape to develop comprehensive transition plans for each of its properties and provided direct support to tenants and community partners. In September 2024, the City purchased 22 condominium units, located at 38 Abell Street and 210 Simcoe Street, previously owned by Artscape and operated as affordable rental homes. This report requests authority to enter into one or more long-term nominal leases and Contribution Agreement(s) with ANPHI Affordable Homes Inc. (AAHI) to operate these units.

The City's exceptional efforts, in concert with community and government partners, resulted in the retention of all of Artscape's former portfolio for affordable artists' housing and community not-for-profit cultural hubs, save for the former Artscape Launchpad facility - a remarkable outcome in preserving live, work and presentation space for Toronto's cultural community.

RECOMMENDATIONS

The Executive Director, Housing Secretariat; the Executive Director, Corporate Real Estate Management; and the General Manager, Economic Development and Culture recommend that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, to negotiate, approve, and execute, on behalf of the City, one or more long-term nominal leases, with ANPHI Affordable Homes Inc. or a related entity or entities, for the City-owned condominium units at 38 Abell Street and 210 Simcoe Street substantially on the major terms and conditions set out in Attachment 1 and such other terms as deemed appropriate by 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 declare the units at 38 Abell Street and 210 Simcoe Street surplus with the intended manner of disposal to be by way of long term lease to ANPHI Affordable Homes Inc., or a related entity or entities, and City Council direct staff to take all necessary steps to comply with the City of Toronto's real estate disposal process set out in City of Toronto Municipal Code Chapter 213, Real Estate.
3. City Council authorize the Executive Director, Housing Secretariat to negotiate and execute on behalf of the City, one or more municipal housing project facility agreements (the City's "Contribution Agreement") with ANPHI Affordable Homes Inc., or a related entity or entities, to secure the financial assistance being provided and to set out the terms of the operation of the affordable rental housing, on terms and conditions satisfactory to the Executive Director, Housing Secretariat, and in a form approved by the City Solicitor.
4. City Council authorize an exemption from taxation for municipal and school purposes for the affordable rental homes as listed in and for the periods of time described in Table 1 below in the Financial Impact section of this report.
5. City Council authorize the Controller and Chief Accountant to cancel or refund any taxes paid after the effective date of the exemption from taxation for municipal and school purposes as set out in the applicable Contribution Agreement.

FINANCIAL IMPACT

This report requests City Council approval of property tax exemptions for 22 residential condominium units that were previously owned by Toronto Artscape Inc. (Artscape) and that have been acquired by the City as part of its response to the Artscape receivership proceedings. These units currently have a property tax exemption as City Property, but new Council authority is required before the City can enter into a long-term lease agreement with a new housing provider, ANPHI Affordable Homes Inc. (AAHI). This recommendation meets the requirements of O. Reg 598/06 of the City of Toronto Act in

that it supports the provision of affordable rental housing. Table 1 below summarizes the estimated net present value (NPV) of these property tax exemptions over a 99-year period at \$2,850,144. These exemptions are not direct cash payments from the City but represent forgone property tax revenue over the term of the affordability period. Ongoing eligibility for the property tax exemption will remain conditional on the continued compliance of AAHI with the terms and conditions of the City's Contribution Agreement over the term of the agreement.

Table 1 Estimated Net Present Value (NPV) of Property Tax Exemptions for 22 Affordable Housing Units Over a 99-Year Affordability Period

Address	Ward	NPV of Municipal Tax and City-Building Fund	NPV of Education Tax	NPV of Property Tax Exemption	NPV of Year 1 of Occupancy
38 Abell (20 units)	9 - Davenport	\$2,109,142	\$212,870	\$2,322,011	\$50,329
210 Simcoe (2 units)	10 - Spadina-Fort York	\$479,717	\$48,416	\$528,133	\$11,447
Total Net Present Value		\$2,588,859	\$261,286	\$2,850,144	\$61,776

This report recommends nominal-value leases for the 22 City-owned residential condominium units at 38 Abell Street and 210 Simcoe Street for a term of up to 99 years. If these units were leased at market rate, the City would generate lease revenue over the term of the lease.¹ By providing long-term leases at nominal cost to AAHI, the City forgoes potential market-based lease revenues in exchange for securing long-term affordability on City-owned properties and advancing the City's affordable housing objectives.

The opportunity cost of the leases, expressed in NPV terms, is estimated at approximately \$17,466,815 over the 99 year period, with NPV calculated only for the years 2036-2124 (using a discount rate of 3%) to reflect that affordability restrictions preclude market-rate leasing prior to 2036. Accordingly, the total financial contribution provided to AAHI is estimated at \$20,316,959.

¹ The City-owned condominium units at 38 Abell Street and 210 Simcoe Street were acquired with existing affordability restrictions until 2035 in accordance with the Official Plan that limits rents to below-market levels. The estimated net present value of market-based lease revenues reflects this limitation.

The lease structure is a carefree net lease to the City. Throughout the term, AAHI will be responsible for all operating costs associated with the leased premises, resulting in no net cost to the City, as outlined in Attachment 1 - Major Terms & Conditions.

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

Culture Connects: An Action Plan for Culture in Toronto (2025-2035), sets out a plan for the City to support creatives, cultural organizations and creative industries, with a focus on stabilizing and empowering vital, new and growing organizations and organizations led by and serving Indigenous, Black and equity-deserving communities. Preserving the cultural and community spaces previously owned and/or operated by Artscape for non-profit and cultural uses supports the City's priorities under this plan.

A key component of the HousingTO 2020-2030 Action Plan is to maintain and increase the supply of permanent affordable rental housing. Affordable housing provides housing options essential for supporting low and moderate income households, including Indigenous Peoples, Black and other racialized residents. Preserving the affordable homes at 38 Abell Street and 210 Simcoe Street through entering in a long-term lease agreement with ANPHI Affordable Housing, Inc. is consistent with the City's vision under the Housing TO Action Plan.

The Canada Revenue Agency has advised the City that residents paying rent or housing charges in affordable units that receive a property tax exemption are not eligible for the Ontario Energy and Property Tax Credit ("OEPTC") component of the Ontario Trillium Benefit ("OTB") (administered by the Canada Revenue Agency) which seeks to help low-and-moderate-income Ontarians pay for energy costs and property taxes. As such, those living in affordable housing projects, including those recommended in this staff report, will be ineligible for the OEPTC component of the OTB.

DECISION HISTORY

At its meeting on July 24, 2024, City Council adopted MM20.31 - Artscape Receivership - Next Steps, which provided confidential direction to staff related to the receivership proceedings against Toronto Artscape Inc. The confidential instructions to staff will be made public at the conclusion of the Artscape receivership which is still ongoing.
<https://secure.toronto.ca/council/agenda-item.do?item=2024.MM20.31>

At its meeting on May 22, 2024, City Council adopted MM18.37 - Artscape Receivership, which provided confidential direction to staff related to the receivership proceedings against Toronto Artscape Inc.
<https://secure.toronto.ca/council/agenda-item.do?item=2024.MM18.37>

At its meeting on October 11, 2023, City Council adopted MM11.32, Responding to Toronto Artscape Inc. Receivership Proceedings, which directed the City Solicitor to participate in the receivership proceedings against Toronto Artscape Inc. to protect City property and interests in affordable housing, and affordable not for profit community arts and culture spaces, and directed the General Manager, Economic Development and Culture, to report back on the use of any delegated authorities. While the direction to report back was made through the Economic and Community Development Committee, this report is being brought to the Planning and Housing Committee as the requested authorities are within its jurisdiction.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.MM11.32>

At its meeting on July 19-21, 2023, City Council adopted EX6.27 - Request for a Line of Credit Guarantee for Toronto Artscape Inc., directing staff to negotiate and enter into agreements to guarantee a \$1.5 million extension to Toronto Artscape Inc's existing line of credit with its primary lender to provide working capital while the organization embarked on financial and strategic restructuring. Staff were unable to reach an agreement to provide this guarantee in accordance with the terms approved by Council.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.EX6.27>

COMMENTS

City of Toronto Response to Artscape Receivership

In August 2023, Toronto Artscape Inc. (Artscape), a non-profit operator of affordable housing and community cultural spaces, announced that it had become insolvent following a period of prolonged financial challenges, driven by the organization's development of the Artscape Launchpad training facility and the deep debts Artscape incurred to advance the project that ultimately led to the organization's failure.

Artscape's insolvency meant that its assets would be put up for sale by a court-appointed receiver. At the time, Artscape managed 14 properties that were home to nearly 400 residential and non-profit cultural tenancies. The insolvency posed an immediate and complex challenge for the City of Toronto. Without intervention, hundreds of artists and cultural organizations faced potential displacement.

With direction from City Council, the City undertook extensive efforts to safeguard the affordable housing units and non-profit cultural spaces that had been operated by Artscape. As a result of City intervention, over 90 per cent of tenancies were excluded by the court from the receivership proceedings and protected from sale, on the basis that they had no commercial value. For these properties, the City collaborated with Artscape to develop transition plans that ensured services for residential and non-profit tenants continued uninterrupted. Most of Artscape's affordable rental housing units were transferred to ANPHI Affordable Homes Inc., which then engaged WoodGreen Community Services for property management services.

Community cultural hubs operated by Artscape, including Daniels Spectrum, Gibraltar Point, and Wychwood Barns, were transitioned to a new non-profit organization, ArtHubs Toronto Inc. (ArtHubs). City staff continue to support the development of

ArtHubs, and will work with ArtHubs in the coming months to expand its tenant engagement efforts to ensure that the voices of residents and artists are instrumental in guiding the future direction of its cultural hubs. The City provided ArtHubs with start-up funding to establish its operations and ensure continuity of service to its tenants, and City Council appointed the General Manager of Economic Development and Culture to serve as the City's designate on ArtHubs' Board of Directors.

The City retained management of Weston Common Cultural Hub and exercised its right to buy back Artscape Sandbox, a community performance space secured through Section 37 benefits, for a nominal amount. Sandbox and Weston Common are currently being managed by the City, continuing to support not-for-profit arts tenants, with long-term operating plans to be determined in the coming months.

Artscape also operated an affordable home ownership program involving some 80 homes at a number of different condominiums in the City in accordance with agreements with the City. To secure ongoing affordability for purchasers from the arts community, Artscape held shared appreciation mortgages and options to purchase. These Artscape mortgages and options were also excluded from the receivership proceedings and transferred to ArtHubs on a temporary basis. A long-term plan for the administration of the mortgages and options by another non-profit group and to maintain an affordable ownership program for the arts community is nearing completion. Housing Secretariat staff are working with Arthubs and the non-profit group that is anticipated to become the new administrator to support the current homeowners. Staff do not anticipate that additional Council authority will be required to complete the transfer of mortgages, options, related agreements and program administration.

The remaining nine per cent of Artscape's tenancies were included in the court-supervised sale process. This included 16 non-profit spaces located at 180 Shaw Street (Youngplace) and 22 residential units located at 38 Abell Street and 210 Simcoe Street.

City Support to Preserve 16 Non-Profit Spaces

To protect the 16 non-profit cultural and community spaces that were included in the court-supervised sale process, the City provided \$1.67 million in funding to enable tenant organizations to purchase the units they had been renting from Artscape. For a number of eligible cultural organizations, the City's financial support was matched by the Federal government through contributions from the Department of Canadian Heritage.

City funding was provided to the Propeller Gallery at 38 Abell Street and six organizations at Youngplace (180 Shaw Street), including the Centre for Indigenous Theatre, College-Montrose Children's Place, Intergalactic Arts Collective, Koffler Centre of the Arts, and Small World Music. Funding was also provided to the Inspirit Foundation to purchase units on behalf of Paperhouse Studio and the Toronto Potters Guild, which were subsequently transferred to the Community and Cultural Spaces Trust for long-term management.

This represents the first acquisition of property by a cultural land trust in Canada. Recipients of funding entered into agreements with the City to ensure continued cultural, community, and childcare uses for at least 10 years, with repayment conditions in place if the terms are not met.

City Acquisition of 22 Affordable Rental Homes

A total of 22 residential condominium units owned by Artscape, which were purchased by Artscape at below market rates as “community benefits” under Section 37 of the Planning Act, were identified for sale as part of the receivership process. These included 20 units at 38 Abell Street (Triangle Lofts, Ward 9 –Davenport) and 2 units at 210 Simcoe Street (Ward 10 – Spadina – Fort York). The City purchased these units to ensure they would continue to serve as affordable rental homes for artists.

The City entered into a short-term property management agreement with ANPHI Affordable Homes Inc. (AAHI) to provide continuity for tenants of these homes. This action enabled tenants to remain in their homes and temporarily preserved these properties as affordable housing. The initial agreement expired on May 31, 2025 and was extended to June 30, 2026 while a longer-term approach was developed.

Long-Term Lease for 38 Abell Street and 210 Simcoe Street

This report requests authority to enter into long-term lease agreements with AAHI to manage the affordable rental homes at 38 Abell Street and 210 Simcoe St under the terms and conditions outlined in Attachment 1. This report also requests authority to enter into municipal housing project facility agreements with AAHI to secure the financial assistance provided by the City and set out the terms under which the affordable housing will be operated.

Long-term agreements to operate the affordable rental homes at 38 Abell and 210 Simcoe are required to ensure that these homes continue to be overseen by an experienced, artist-mandated affordable housing provider. AAHI has a unique capacity to operate affordable rental homes dedicated to artists, in alignment with Council's direction for these properties, and has secured the property management services of an experienced affordable rental housing provider, WoodGreen Community Services. This partnership has been effective in providing consistent, effective property management services for tenants.

Conclusion

As a result of the City's interventions, each of Artscape's tenants had the opportunity to remain in their homes and workspaces, and vital affordable cultural spaces and community hubs have been preserved.

Council's authorization to enter into a long-term lease and municipal housing facility project agreement for the 22 condominium units at 38 Abell and 210 Simcoe will ensure they can continue to provide affordable rental homes for artists.

The City's efforts to protect Artscape tenants support both the objectives of the HousingTO 2020-2030 Action Plan, as well as Culture Connects: An Action Plan for Culture in Toronto (2025-2035), which identifies the need to protect affordable cultural spaces across Toronto.

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Major Terms & Conditions

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Proposed	Terms and Conditions
Premises	<p>1) 38 Abell Street: 20 self contained live work condominium units dedicated to artists</p> <p>2) 210 Simcoe Street: 2 self contained live work condominium units, and their associated storage lockers, dedicated to artists</p>
Legal Description	<p>1) 38 Abell Street: Unit 5, Level 1, Units 2, 3, 6, 8, 12-15 (inclusive), 25 and 26, Level 2, Units 2, 3, 6, 8, 12-15 (inclusive), and Unit 29, Level 3 Toronto Standard Condominium Plan No. 2118</p> <p>2) 210 Simcoe Street: Units 51 and 65, Level 2, Units 4 and 7, Level 3 Toronto Standard Condominium Plan No. 2430</p>
Landlord	City of Toronto
Tenant	ANPHI Affordable Homes Inc. ("AAHI")
Care Of	Woodgreen Community Services Inc. or as AAHI determines throughout the Term
Term	<p>1) 38 Abell Street: Up to 99 years</p> <p>2) 210 Simcoe Street: Up to 99 years</p>
Commencement Date	On or about July 1, 2026
Basic Rent	<p>1) 38 Abell Street: Nominal</p> <p>2) 210 Simcoe Street: Nominal</p>
Additional Rent	<p>The Tenant is responsible for the taxes, utilities, insurance, and all costs attributable to the Premises or any obligations of the Tenant under the Lease, all of the other costs and expenses of maintaining and operating their proportional share of the Premises, its services, equipment and facilities, and all other common expenses, charges, and expenses which are the responsibility of the Tenant under the Lease.</p>

Proposed	Terms and Conditions
Net Lease	<p>The Lease is a carefree net lease to the City, save and except as is otherwise provided for in the Lease and/or the Contribution Agreement. The City shall not be responsible during the Term for any costs, charges, expenses and outlays of any nature whatsoever arising from or relating to the 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 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 with the City.</p>
Use	<p>The Tenant shall use, manage and operate the Premises solely, continuously and actively for the sole purpose of providing affordable rental housing for artists, together with all ancillary uses, including but not limited to leasing, sublease or licencing units in the Premises in accordance with the Lease and the Contribution Agreement.</p>
Tenant's Right to Mortgage	<p>The Tenant shall not leasehold mortgage or otherwise encumber the Premises without the consent of the City, which consent may be unreasonably withheld.</p>
Contribution Agreement	<p>The Tenant shall enter into a Contribution Agreement with the City that outlines the requirements of the units to be operated as Affordable Housing.</p>
Assignment/Subletting	<p>The Tenant shall not transfer or sublet all or any part of the Premises for the whole or any part of the Term without obtaining the prior written consent of the City. No assignment by the Tenant shall be effective until the assignee 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 of the Tenant under the Lease and the Contribution Agreement.</p>

Proposed	Terms and Conditions
Indemnity	<p>The Tenant shall indemnify and save harmless the City 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 Premises and the Lease, whether accrued, actual, contingent, except to the extent such damages, claims or demands are caused by the negligence or misconduct of the City or those for whom it is responsible at law.</p>
Insurance	<p>At all times during the Term and any renewal thereof, the Tenant at its own expense, shall take out and keep in full force and effect such forms of insurance required by the City including:</p> <p>(a) all risks insurance (including flood and earthquake) property insurance in an amount equal to one hundred (100%) percent of the full replacement cost of their proportional share, insuring:</p> <p>(i) the Premises;</p> <p>(ii) all property owned by Tenant or for which Tenant is legally liable or installed by or on behalf of Tenant, or located on the Premises including, without limitation, leasehold improvements, chattels, furniture, stock, equipment, office furniture, mechanical and electrical equipment, fixtures, contents, with coverage against all risks of physical damage;</p> <p>(b) comprehensive general liability insurance including owners' and contractors' protective, products, completed operations, intentional bodily injury for the protection of persons or property, personal injury, contractual liability, incidental medical malpractice, employer's liability, broad blanket contractual liability, occurrence property damage, and provisions for cross liability and severability of interests with limits of not less than Ten Million Dollars (\$10,000,000.00) per occurrence;</p> <p>(c) during any period of construction, commercial general liability insurance in an appropriate amount applicable to the works;</p>

Proposed	Terms and Conditions
	<p>(d) standard owner's automobile liability insurance with limits of not less than Two Million Dollars (\$2,000,000.00) in respect of any one accident;</p> <p>(e) any other forms of insurance as the City may reasonably require. . The City shall be named as loss payee and/or an additional insured on insurance policies held by the Tenant as applicable.</p>
Repair and Maintenance	<p>The City shall not be obliged to furnish any services, maintenance, repairs or facilities to the Premises, it being agreed by the Tenant that the City shall not at any time during the term of this Lease be required or called upon to make any repairs in or to the Premises of any nature or kind whatsoever.</p> <p>The Tenant shall, at its sole cost and expense, and at all times throughout the Term, keep and maintain the whole of the Premises, and every part thereof, in first class condition and repair having regard to buildings of similar age and quality, and to the same accessibility met by the Premises on the Commencement Date, all as determined by the City in its sole discretion, acting reasonably.</p>
Unit Inspections & Reserve Fund	<p>The Tenant shall be required to carry out inspections of the condition of the Premises at least every five (5) years.</p> <p>The Tenant shall contribute to the condominium's reserve fund through payment of all condominium fees and any special assessments attributable to the Premises. The Tenant shall maintain a reserve fund for special assessments.</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 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, as applicable.</p> <p>The City shall not be liable to the Tenant for any hazardous materials activities conducted on the</p>

Proposed	Terms and Conditions
	<p>Premises during the Term however caused, whether or not consented to by the City.</p> <p>The Tenant shall indemnify, defend with counsel, and hold the City harmless from and against any claims, damages, costs and liabilities arising out of any and all such hazardous materials activities.</p> <p>Subject to any limited exceptions set out in the Lease, after the Commencement Date the Premises shall be entirely at the risk of the Tenant and the Tenant shall assume all responsibilities and liabilities arising out of or connected to environmental laws.</p>
Land Transfer Tax	Where exigible, the Tenant shall pay Land Transfer Tax upon execution of the Lease.