



City Modular Housing Project Using 3 TCHC Sites

Item 4

June 15, 2021

Board of Directors

Report: TCHC:2021-35

To: Board of Directors (the “Board”)

From: Acting Chief Executive Officer

Date: June 14, 2021

PURPOSE:

The purpose of this report is to seek the Board of Directors’ (“Board”) approval to execute separate lease agreements with the City of Toronto (the “City”), to permit the construction of modular housing units on three Toronto Community Housing (“TCHC”) properties as directed at the June 8, 2021 Toronto City Council meeting.

This initiative is part of a partnership between the City and TCHC to create affordable and supportive housing as outlined in the City of Toronto’s HousingTO 2020-2030 Action Plan.

Board approval is required for execution of the lease agreements, which will provide the City of Toronto access to portions of TCHC’s property, in order to enable the City to construct and operate the new modular housing units a term of fifty years less a day.

RECOMMENDATIONS:

It is recommended that the Board approve the following recommendations:

1. Authorize TCHC to execute lease agreements with the City of Toronto for the construction, operation, maintenance and management of 3 modular housing developments at the following TCHC sites:
 - 175 Cummer Avenue (3-storey building, 59 units)
 - 75 Tandridge (5-storey building, 113 units)
 - 7 Glamorgan (5-storey building, 57 units)

With the following terms:

- Term shall be 50 years less a day; and
 - Rent shall be \$1 per annum, provided the City of Toronto and/or its third-party non-profit operator shall pay all taxes, charges, impositions, insurance, construction, operating, maintenance and capital and non-capital repair costs
2. Authorize the President and Chief Executive Officer or their designate to execute the form of the lease, including the major lease terms, in form acceptable to General Counsel and Corporate Secretary and the Vice President Facilities Management;
 3. Authorize the President and Chief Executive Officer or their designate to execute the above-noted lease in accordance with the major lease terms to be determined, and otherwise in a form acceptable to the General Counsel and Corporate Secretary; and
 4. Authorize the appropriate staff to take the necessary actions and execute all necessary documents to give effect to the above recommendations.

REASONS FOR RECOMMENDATIONS:

On June 8 and 9, 2021, City of Toronto Council adopted Member Motion 34.26 Leveraging Toronto Community Housing Sites to Build New Modular Supportive Housing. Details of the motion were as follows:

1. City Council:
 - a. in its capacity as Shareholder of the Toronto Community Housing Corporation, approve pursuant to Section 7.4.1 (c) of the City's Shareholder Direction to the Toronto Community Housing Corporation; and
 - b. in its capacity as Social Housing Service Manager, consent pursuant to subsection 161(1) of the Housing Service Act:
 - to the use of Toronto Community Housing Corporation's sites for the creation of modular supportive housing.
2. City Council direct the Executive Director, Housing Secretariat to consult with the Toronto Community Housing Corporation in the assessment and selection of sites deemed appropriate for the construction of modular supportive housing.
3. City Council direct the Executive Director, Housing Secretariat, in consultation with the local Councillor and the Toronto Community Housing Corporation, to develop a community engagement strategy for all modular housing projects on Toronto Community Housing Corporation's sites.
4. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, to negotiate and execute, on behalf of the City, nominal rent lease agreements (the "Leases") in relation to the selected Toronto Community Housing Corporation owned sites, each lease having a term of up to 50 years less a day on the terms and conditions acceptable to the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor, and to execute the Leases, and any ancillary agreements or documents, as required, on behalf of the City.
5. Subject to approval of Recommendation 4 above, City Council, as sole shareholder, direct the Toronto Community Housing Corporation Board of Directors to negotiate and execute Leases as described in Recommendation 4 above on terms and conditions otherwise acceptable to the Toronto Community Housing Corporation Board, and to ensure that there will be no delay in entering into such Leases.

6. City Council authorize the General Manager, Shelter, Support and Housing Administration to provide Service Manager consent to such Leases pursuant to subsections 161(2) and 162(2) of the Housing Services Act.

Increasing the Supply of Affordable and Supportive Housing

The City of Toronto is moving forward with plans to increase affordable and supportive housing stock as outlined in the HousingTO 2020-2030 Action Plan. The Action Plan sets a target of approving 40,000 affordable rental homes over the next 10 years, 18,000 of which will be supportive homes. Supportive housing refers to affordable homes with on-site supports that help people improve their health and well-being, and live independently. On-site support services include but are not limited to meal services, providing or connecting tenants with primary health care, mental health support, and community support such as education, employment, and life skills.

Of these supportive units, 1,000 will be modular homes to be delivered in partnership with federal and provincial governments. Modular supportive housing provides a rapid, dignified response that connects people experiencing homelessness or those at risk of homelessness with homes and appropriate supports to help them achieve housing stability. The City of Toronto estimates that approximately 7,800 people are currently experiencing homelessness in Toronto.

The modular units, which are prefabricated at an off-site factory and brought to site for assembly, will provide urgent supports to this vulnerable population. These modular, supportive homes will be operated by qualified and experienced non-profit housing providers selected by the City through a competitive Request for Proposal process.

The City of Toronto has selected modular housing sites based on a number of criteria:

- Demand for affordable housing;
- Environmental condition;
- Development potential;
- Access to public transit;

- Access to health and community services;
- Official Plan and Zoning by-law considerations; and
- Site servicing.

In consultation with project architects, considerations have been made to ensure sensitivity to existing site conditions including the buildings' visual appearance, surrounding landscape design and ability to provide privacy between adjacent properties.

City Council approved the construction of the first 250 modular homes on City-owned sites in the years 2020-21 through f this initiative. Two modular buildings are complete; one at 11 Macey Avenue and another at 321 Dovercourt Road, which provided 100 new homes for people at risk of or who are experiencing homelessness.

The Rapid Housing Initiative

The Rapid Housing Initiative was announced by the Government of Canada on September 21, 2020. The Rapid Housing Initiative will deliver \$1 billion in grant funding nationally to rapidly create new affordable rental housing in response to the urgent housing needs of vulnerable and marginalized individuals.

On October 27, 2020, the Government of Canada announced the City of Toronto's allocation of \$203,265,729. The City has committed to build approximately 540 new supportive homes through the Rapid Housing Initiative by end of 2021 through the construction of modular housing, as well as the acquisition of land, and the conversion of existing buildings to affordable housing. Funding through the Rapid Housing Initiative will help support development of the modular supportive housing proposed to be developed on Toronto Community Housing lands.

Supporting City-Building Efforts

To support the City's efforts to scale up the supply of supportive housing as a rapid response to the urgent housing and homelessness situation impacting residents across the city, Toronto Community Housing will lease land on 3 properties to the City of Toronto to use as sites to build supportive housing:

- 175 Cummer - occupancy targeted for the end of 2021;
- 75 Tandridge – occupancy targeted for the end of 2021; and
- 7 Glamorgan – occupancy targeted for early 2022.

All buildings will consist of self-contained studio apartments with private bathroom and eat-in kitchen. Each unit will be fully furnished at the time of occupancy. Each building will have laundry facilities, a communal kitchen and dining room along with program space and administrative offices. The modular supportive housing buildings will be operated by a non-profit housing provider, to be selected by the City, prior to the completion of construction. The non-profit operator will maintain the buildings and provide 24/7 onsite supports for residents. The City will oversee the operations of the non-profit operator, and ensure that the residential tenants and buildings are well-managed over the term of the lease.

175 Cummer Avenue

The modular housing development at 175 Cummer will consist of a new 3-storey building with 59 units to house those who are exiting homelessness. Currently, there is an existing 4-storey seniors' residence on site. The modular supportive housing development will be implemented as part of Phase Two of the City's "Modular Housing Initiative."

These homes will be dedicated to women, Indigenous residents, Black and racialized people, seniors, people with disabilities and others who are experiencing or are at risk of homelessness.

City Staff initiated a multi-channel community engagement process on February 23, 2021. Two virtual community engagement sessions with Councillor John Filion and City Staff were held, one on March 9, 2021 and another on April 6, 2021. Elements of the proposal were refined based on community feedback including a slight reduction in the number of units from 64 to 59, an increased size of communal areas, and improved building and landscape design.



Image One: Preliminary artist's rendering of the modular building – Front entrance looking west on Cummer. Final design subject to approval. Image Two: Preliminary artist's rendering of the modular building – Front entrance looking east. Final design subject to approval.

City Council has requested the Minister of Municipal Affairs and Housing make a Minister's Zoning Order (Section 47 of the Planning Act) to provide necessary approvals to permit expedited construction at the site. City Council also approved moving forward with the solicitation of RFPs for non-profit housing providers in order to negotiate and enter into the agreements necessary to manage the leasehold interest in the land and modular units. See Attachment 1 for preliminary site plans and concept drawings for the proposed development at 175 Cummer.

75 Tandridge Crescent

The modular housing development at 75 Tandridge, which currently has a 10-storey apartment building, will consist of one new 5-storey building with approximately 113 units.

These homes will be dedicated to women, Indigenous residents, Black and racialized people, seniors, people with disabilities and others who are experiencing or are at risk of homelessness.

This modular housing development is proposed under the Federal Rapid Housing Initiative.

Existing parking and recreational facilities consisting of a basketball court and playground are proposed to be relocated and improved following consultation with the community and TCHC. The first community engagement meeting was held May 18, 2021 with more to follow in June. City of Toronto Corporate Real Estate Management (“CREM”) division is preparing a Site Plan Approval application submission for the site in conjunction with the retained building and architectural firm.

City Council has endorsed in principle that the City seek Zoning relief through a Minister’s Zoning Order.

See Attachment 2 for preliminary site plans for the proposed modular housing development at 75 Tandridge.



Image Three: Preliminary artist’s rendering of the modular building – Looking East on Tandridge Crescent. Final design subject to approval.

7 Glamorgan Avenue

The modular housing development at 7 Glamorgan Ave, which currently has a 12-storey apartment building, will consist of a new 5-storey building with approximately 57 units. The units are dedicated to women, Indigenous residents, seniors, people with disabilities and those who are experiencing or are at risk of homelessness. The modular supportive housing

development will be implemented as part of Phase Two of the City's "Modular Housing Initiative."

The City plans to host several virtual community meetings, the first of which was held May 25, 2021. The CREM division is currently preparing a Site Plan Approval application submission in conjunction with the retained modular housing supplier. Zoning relief will be required, to be finalized following community feedback and completion of detailed building and site design.

City Council has endorsed (in principle) amending the zoning regulations for 7 Glamorgan to permit modular construction via a Minister's Zoning Order. City Council also approved the City issue a Request For Proposals and select a non-profit housing provider to operate the building, and to authorize any security or financing documents necessary to acquire the leasehold interest in the land and modular units.

City Staff have assessed the review and approval process timelines for the required Planning Act applications relative to the early 2022 completion and occupancy date.

See Attachment 3 for preliminary site plans for the proposed modular housing development at 7 Glamorgan.



Image Four: Preliminary artist's rendering of the modular building – Front elevation on Glamorgan Avenue. Final design subject to approval.

Lease Agreements

The Major Lease Terms are as follows:

1. The City has requested a 50-year less a day lease term at these sites, with the leases being net and carefree to the landlord, and a rental rate of \$1 per annum. Wherever possible, the Tenant (City of Toronto) or its selected non-profit operator shall contract directly with service and utility providers for the services and utilities to be provided at the modular buildings. If it is not possible for the Tenant to contract directly with utility providers and the demised premises are not separately metered, the Landlord shall deliver to the Tenant a detailed statement of such apportioned utility costs, together with evidence to support the Tenant's proposed proportionate share, and the City shall pay such apportioned costs as are appropriate, both parties acting reasonably. The City will bear all costs to construct, develop and furnish the buildings for their intended use as supportive housing.
2. The demised premises may be used by the Tenant for any purposes but any third party operator selected by the Tenant or assignee of the leases shall only use the properties for the purposes of providing

affordable housing, as that term is defined under the City's Municipal Housing Facility By-law 1756-2019, which use may include supportive services.

3. The demised premises shall be provided in a completely "as is where is" condition and the Tenant shall satisfy itself in all respects with respect to the condition of the lands, including the environmental condition of the lands and availability of any utilities or other service connections.
4. The Landlord and Tenant shall enter into any shared use agreements with respect to shared driveways, parking or other areas which are required by the Landlord, acting reasonably.
5. Over the term of each of the leases, the Tenant's third-party non-profit operator shall be required to maintain the buildings in a good state of repair, and maintain a reserve fund. The Tenant shall provide oversight of the non-profit operator, including conducting onsite inspections from time to time. Additionally, the Tenant, at its sole cost and expense, may make and construct such alterations and improvements as the Tenant deems necessary on the demised premises, without the prior approval of the Landlord, except for substantial construction or alterations undertaken in the last five (5) years of the leases when the Landlord's approval shall be required, not to be unreasonably withheld. All buildings and other improvements erected or caused to be erected by the Tenant on the demised premises shall be the absolute property of the Tenant throughout the term of each of the leases and shall become the property of the Landlord on expiry of the leases. The City shall ensure that the buildings are in a good state of repair and that any reserve fund contributions are turned over to the Landlord and/or its selected future operator.
6. During the term of each of the leases, the Tenant shall have the right to assign the leases or to sublet all or any part of the demised premises at any time on notice to but without requiring the consent of the Landlord. Notwithstanding the foregoing, the Tenant or its

operator shall be allowed to sublet residential units in the building from time to time without the Landlord's consent and without notice to the Landlord and subtenants may further sublet their units in accordance with the *Residential Tenancies Act*. Notwithstanding any assignment as provided herein, the Tenant shall remain liable for performance of all covenants under the lease.

We continue to discuss, with City staff, the implications of the expiry of the lease for these sites. We will provide an update to the Board in this regard, at the June 15, 2021 meeting.

IMPLICATIONS AND RISKS:

Upon execution of the leases, the City will take control of the areas. The boundary of the leases will leave TCHC with control over the sidewalks adjacent to its buildings, with access rights over the leased land for repairs and maintenance of the adjacent buildings and other site amenities as applicable (TBD).

These projects are an opportunity to collaborate with the City to advance important city-building objectives. More specifically, these partnership projects will provide much needed affordable and supportive housing and improve the quality of life for some of Toronto's most vulnerable residents.

SIGNATURE:

"Sheila Penny"

Sheila Penny, Acting Chief Executive Officer

ATTACHMENTS:

1. Site Plan – 175 Cummer Avenue
2. Site Plan – 75 Tandridge Crescent
3. Site Plan – 7 Glamorgan Avenue

STAFF CONTACT:

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