

## **Acquisition of Affordable Housing Development Project at 355 Coxwell Avenue**

**Date:** November 16, 2023

**To:** Planning and Housing Committee

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

**Wards:** 19, Beaches-East York

### **REASON FOR CONFIDENTIAL INFORMATION**

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This report deals with a proposed or pending acquisition or disposition of land by the City of Toronto.

### **SUMMARY**

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This report recommends the City's acquisition of the vacant development site at 355 Coxwell Avenue ("the Property") and related affordable housing development project (the "Development", and with the Property, collectively, the "Project"). The acquisition is proposed using City funds available in the Development Charges Reserve Fund for Subsidized Housing (XR2116).

The Development was approved for Open Door Affordable Rental Housing Program funding and incentives in 2021 and has been issued a Notice of Approval Conditions (NOAC) by City Planning. The approved proposal is for a 6-storey affordable cooperative building containing 33 apartments with a mix of one-, two- and three-bedroom units. The Open Door Program approvals were provided to the non-profit group Community Affordable Housing Solutions ("CAHS"), and the owner of the Property is Habitat for Humanity GTA ("Habitat"), which is a member of CAHS.

The Development, like many affordable housing projects, has experienced financial challenges due to changing market conditions (rising construction costs and interest rates), changes to Federal funding programs, and other challenges and delays related to approvals and construction. The Development is no longer viable for CAHS and Habitat as developers, and Habitat has received approval from their Board of Directors to sell the Project. Habitat has offered the Project to the City for a price of \$3,800,000

until February 2024. The City's acquisition represents the only way forward to ensure affordable housing outcomes are delivered on the Property.

Pending City Council's decision on the acquisition of the Project, City staff will implement an expedited City-led affordable housing development process to maximize the number of affordable homes realized on the Property. This approach is in keeping with Council's recently approved report, Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes. The Property is currently vacant and has been remediated, with zoning, site plan and NOAC in place. If acquired, this Property could be included among the City's "Construction Ready" sites.

## **RECOMMENDATIONS**

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The Executive Director, Housing Secretariat, and Acting Executive Director, Corporate Real Estate Management, recommend that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat, to negotiate and enter into an agreement of purchase and sale for the fee simple acquisition of the property municipally known as 355 Coxwell Avenue ("the Property") substantially on the terms and conditions set out in Attachment 1 and Confidential Attachment 1 to this report from the Executive Director, Housing Secretariat, and the Executive Director, Corporate Real Estate Management, and on such other or amended terms and conditions that are acceptable to the Executive Director, Corporate Real Estate Management, in consultation with the Executive Director, Housing Secretariat.
2. City Council authorize up to 80 affordable rental housing units developed on the Property to be eligible for waivers of fees for planning applications, building permits and parkland dedication, and for development charges exemptions, unless already paid and provided the units are not already exempted under provincial legislation.
3. City Council authorize the Executive Director, Housing Secretariat to submit any applications to the federal or provincial governments to secure funding to develop affordable housing on the Property, and to execute any agreements or other documents on behalf of the City that may be required with respect to same, on terms and conditions satisfactory to the Executive Director, Housing Secretariat and in a form satisfactory to the City Solicitor.
4. City Council increase the 2023-2032 Approved Capital Budget and Plan for the Housing Secretariat by \$665,000, fully funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116) to support the fee simple acquisition of 355 Coxwell Avenue for the purposes of new affordable housing.

5. City Council authorize the public release of Confidential Attachment 1 to the report (November 16, 2023) following the closing of the transaction contemplated herein.

## **FINANCIAL IMPACT**

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This report seeks City Council authority for the acquisition of the Project. The purchase price for the land and development project is \$3,800,000, funded from the Development Charges Reserve Fund for Subsidized Housing (XR2116).

City Council previously allocated \$3,135,000 from the Development Charges Reserve Fund for Subsidized Housing (XR2116) for the development of 33 affordable cooperative homes by the non-profit group Community Affordable Housing Solutions (CAHS) under the Open Door Program at 355 Coxwell Avenue. This report recommends committing this unused development funding to the purchase of the Project. The remaining up to \$665,000 required to acquire the Project is recommended from available funds in the same reserve account and will be added to the 2023-2032 Approved Capital Budget and Plan.

In addition, this report provides an estimate of \$4,160,923 in financial incentives under the terms of the City’s Open Door Affordable Rental Housing Program. Estimates are based on current rates and excludes the Bill 23 non-profit exemption. The actual value of the incentives is dependant on the number, type and timing of affordable homes that will be developed on site and the applicable taxes, fees and charges to those units, including whether the units are determined to be eligible for exemptions for non-profit housing or affordable housing through Bill 23 which will be assessed during the development review process. The currently approved proposal is for a 6-storey building containing 33 apartments with a mix of one-, two- and three-bedroom homes. Should City staff be successful in increasing the number of affordable homes built on the Property, the above figure is based on an upset maximum of 80 homes to illustrate the potential financial implications of waivers for this higher number of affordable units.

Table 1 – Estimated Open Door Program Incentives for up to 80 Affordable Rental Homes

Affordable Rental Homes	Estimated Affordability Period	Estimated Development Charges	Estimated Planning Fees and Charges	Estimated Total Value of Incentives
80	99 years	\$2,691,552	\$1,469,371	\$4,160,9231

On a per unit basis, the estimated Open Door Program incentives are \$52,012 for each affordable rental apartment.

Following Council approval, City staff would initiate a City-led development process and seek to maximize federal and provincial financial contributions. Should additional City funds be required, staff will request funds through a subsequent staff report.

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

## **EQUITY IMPACT STATEMENT**

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The HousingTO Plan 2020-2030 Action Plan emphasizes housing as a critical component to an individual's inherent dignity and overall well-being, playing a pivotal role in the development of resilient, inclusive, sustainable and liveable communities.

Access to permanent affordable housing opportunities is an important determinant of health, and also improves the social and economic status of an individual and households.

## **DECISION HISTORY**

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City Council on March 10, 2021, adopted PH21.4, "Open Door Program 2020 Call for Applications Results: Supporting 971 New Affordable Rental Homes". Through this item City Council committed Open Door Program funding and financial incentives to the non-profit group Community Affordable Housing Solutions (CAHS) for the development of 33 affordable cooperative homes at 355 Coxwell Avenue. The Council decision is available here: [Agenda Item History - 2021.PH21.4 \(toronto.ca\)](#)

City Council on November 7, 2017, adopted TE27.9, "355 and 363 Coxwell Avenue - Zoning Amendment Application - Final Report" providing rezoning approvals for the Property. The Council decision is available here: [Agenda Item History - 2017.TE27.9 \(toronto.ca\)](#)

City Council on October 2, 2017 adopted EX27.14, "Creating 298 Affordable Rental Homes in Toronto - Results of the 2017 Open Door Call for Applications" which approved Open Door funding and incentives for the Innstead Co-operative for the development of 355 Coxwell Avenue. The Council decision is available here: [Agenda Item History - 2017.EX27.14 \(toronto.ca\)](#)

City Council on February 23, 2016 adopted the Toronto and East York Community Council adopted TE19.41, Preliminary Report - 355-363 Coxwell Avenue - Zoning Amendment Application. The Community Council decision is available here: [Agenda Item History - 2016.TE19.41 \(toronto.ca\)](#)

## **COMMENTS**

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This report recommends the City's acquisition of the development project and lands at 355 Coxwell Avenue for affordable housing development. The Property is a vacant development site that has been remediated, and has zoning, site plan and Notice of Approval Conditions in place for 33 apartments in a 6-storey building. The development

proposal for the Property was approved for Open Door Affordable Rental Housing Program funding and incentives in 2021. The Open Door Program approvals were provided to the non-profit group Community Affordable Housing Solutions (“CAHS”) for a cooperative housing proposal. The owner of the Property is Habitat for Humanity GTA (“Habitat”), which is a member of CAHS.

The Development is no longer viable for CAHS and Habitat as developers due to a range of financial challenges, including changing market conditions (rising construction costs and interest rates), changes to Federal funding programs, and other challenges and delays related to approvals and construction. Habitat has received approval from their Board of Directors to sell the Project and Habitat has offered the Project to the City for a price of \$3,800,000 until February 2024. City Staff have determined that the asking price is fair and reasonable based on a property valuation exercise and review of Habitat’s investments in the project to date that will benefit the City’s development of the Property.

Following the proposed acquisition, a City-led affordable housing development process directed by the Housing Secretariat will be implemented with support from other City Divisions and Agencies such as Corporate Real Estate Management, City Planning, CreateTO and Toronto Community Housing. Staff will seek to maximize the number of affordable homes realized on the Property as well as federal and provincial financial contributions. This approach is in keeping with Council’s recently approved report, Generational Transformation of Toronto’s Housing System to Urgently Build More Affordable Homes. If acquired, this Property could be included among the City’s “Construction Ready” sites.

To further support the development, this report recommends financial incentives under the City’s Open Door Affordable Rental Housing Program.

## **Conclusion**

The City’s acquisition of the Project represents the only feasible approach to ensuring affordable housing outcomes are realized through the redevelopment of 355 Coxwell Avenue. The City-led affordable housing development process outlined in Council’s recently approved report, 2023.EX9.3 - Generational Transformation of Toronto’s Housing System to Urgently Build More Affordable Homes, will provide a whole-of-government approach to ensure affordable housing outcomes are delivered on site.

## **CONTACT**

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## **SIGNATURES**

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Abigail Bond  
Executive Director, Housing Secretariat

Marco Cuoco  
Acting Executive Director, Corporate Real Estate Management

## **ATTACHMENTS**

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Attachment 1 – Major Terms and Conditions

Confidential Attachment 1 – Confidential Information

## ATTACHMENT #1 - MAJOR TERMS AND CONDITIONS

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Property Address:	355 Coxwell Avenue, Toronto
Owners:	Habitat for Humanity Greater Toronto Area
Legal Description:	Part of Lots 9 and 10, Plan 615E Toronto as in Instrument No. CA691264; Subject to an Easement in Gross as in Instrument No. AT4792940; City of Toronto being all of PIN 21027-0279(LT)
Purchase Price:	\$3,800,000.00
Deposit:	\$10.00
Environmental:	Within 10 days of acceptance of the agreement, Owner shall deliver all existing environmental materials in the Owners care and control including Phase I and Phase II, any RSC and other environmental reports.
Due Diligence Date:	Within 60 days of acceptance of agreement, City to be satisfied, in its sole and absolute discretion, that the Property is suitable for the City's purposes including environmental condition and clear title. This condition can be waived by the City at its sole option.
Requisition Period:	City may make any valid requisitions regarding title to the Property up to 10 days prior to Closing Date.
Closing Date:	February 28, 2024, or as otherwise may be agreed upon by the parties