

60 Richmond Street East Project Update

Item 7
Friday, April 27, 2007

BOARD OF DIRECTORS

To: Board of Directors

Report: TCHC:2007-62

From: City Building Committee

Date: April 19, 2007

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PURPOSE:

To update the Board of Directors on the redevelopment of 60 Richmond Street East for Regent Park off-site RGI units.

RECOMMENDATION:

That the Board of Directors receive the report for information.

CITY BUILDING COMMITTEE COMMENTS:

At its meeting on April 19, 2007 the City Building Committee adopted the report and recommended it be forwarded to the Board of Directors for information.

BACKGROUND:

60 Richmond Street East is a 10,263 sq. ft. city-owned site containing a 2 storey building located on the north side of Richmond, west of Church at the corner of Berti and Richmond. Dixon Hall operates a 70 bed emergency shelter on the 2nd floor which will be closing in May 2007. The property is currently under the jurisdiction of the Shelter, Housing and Support Division of Community and Neighbourhood Services.

The local Councillor, Pam McConnell, encouraged TCHC to work with the co-op sector to develop a co-op. TCHC, the Co-operative Housing Federation of Toronto (CHFT) and Unite Here, the Hospitality Workers Union have signed a preliminary Memorandum of Understanding outlining a working relationship and funding responsibilities. The recent proposal for the building has TCHC as the property owner, Unite Here as the source of 59 Regent Park households and CHFT as the co-op resource group.

Teeple Architects was chosen in the summer of 2006 from a short list of prequalified architectural firms through an RFP process. TCHC and representatives from Unite

Here and CHFT have been meeting with Teeple over the past 9 months for design development.

Bird Construction was hired as the Construction Manager in December 2006 and has been working with Teeple Architects and TCHC to refine the proposed building to make the design affordable. Preliminary cost estimates were too high.

The proposed project is an 85 unit, 12 storey building containing residential units in the upper floors and approximately 5,000 square feet of commercial space on the ground floor. There is a proposal, which is being reviewed by TCHC, to lease this space to Unite Here as a training facility for hospitality workers. Unite Here has recently confirmed that they will have operating money to lease the space but will not have capital dollars to build out the shell as a restaurant and kitchen. They have presented a proposal through CHFT which is being reviewed by TCHC staff. The project will contain 26 ones, 26 twos, 27 threes and 6 four bedroom units. The project is being designed to LEED standards and Enermodal has been retained to do the energy modeling.

The development of this housing project will stay within as of right zoning. It will require site plan approval and minor variances for density and parking from the Committee of Adjustment. A May hearing is anticipated.

There have been meetings with the City's Planning, Urban Design, Transportation and Works Departments. Issues to be addressed before a Committee of Adjustment Hearing involve garbage pickup and parking access.

On the advice of Pam McConnell, TCHC and the architect met with one of the local ratepayers groups, the St. Lawrence Neighbourhood Association, who was very receptive to the project. The Queen East Business and Ratepayers' Association has also been approached for a meeting.

The design is unusual and innovative and has been met with great enthusiasm from the local Councillor, City staff and others.

REASONS FOR RECOMMENDATION:

N/A

CONCLUSION:

The redevelopment of 60 Richmond will create 59 Regent Park off site units. The other 26 units will be affordable rental units. TCHC will own the building and Unite Here will refer 59 Unite Here members from Regent Park. The residents of the building will work with CHFT and will vote on co-op incorporation at some point after occupancy.

The issues for TCHC at this time are as follows:

1. The cost associated with the building and outfitting of the training centre. Unite Here has just informed TCHC that they will not be able to provide capital dollars. Their initial proposal to pay for this through a lease does not look very solid. The proposal is currently being reviewed.
2. The cost of organizing a co-op without a supporting program. There is no funding to support the work involved in developing a co-op. Although this is an issue for Unite Here and CHFT, it has an impact on TCHC. The Memorandum of Understanding states that Unite Here and CHFT are responsible for finding organizational funding but TCHC will work with them to assist in identifying sources of funding.
3. The possibility that the residents may not want to incorporate as a co-op. CHFT has proposed to work with a non-profit board until a year or two after occupancy. At that point they will suggest to the board that they vote on co-op incorporation. TCHC may then have to work with a non-profit instead of the co-op that will have been "advertised" to the Councillor, City and ratepayers' groups.

If Unite Here's proposal is not feasible to TCHC and they cannot find more operating funding then the use of the ground floor will have to be changed. TCHC will have to find another tenant for the commercial space or change it to residential space. The training centre is strongly supported by Councillor McConnell.

A more detailed Memorandum of Understanding between TCHC and Unite Here will be drafted to incorporate deadlines and more stringent financial responsibilities.

4. The issue of ownership between the City and TCHC has not yet been addressed but the City is presently proposing an initial lease with a transfer to ownership in the future. It would be preferable that the transfer of ownership take place without a lease. Discussions will be taking place between the legal departments of TCHC and the City.

5. TCHC is working with Bird Construction Manager and Teeple to bring down the cost of the building. With an initial target of LEED Gold and an unusual design the first two cost estimates were too high. Changes are being made to make this building affordable.

FINANCIAL IMPLICATIONS:

60 Richmond has been granted an allocation from the Affordable Housing Program – Community Rental Housing Funding. This funding contributes \$29,000 per unit or \$1,711,000 towards the capital cost of the project.

The financial implications will be reported to the Board at such time as Board approval is sought to approve the project budget for the development. Updates will be provided on the status with Unite Here.

LEGAL IMPLICATIONS:

There are no legal implications beyond the normal due diligence carried out for the acquisition and development of a real estate asset.

COMMUNICATION IMPLICATIONS:

A project communication plan will be developed as part of the development process. This plan will include consultation with Unite Here, CHFT, future tenants, the community, Councillor and appropriate city staff.

Derek Ballantyne
Chief Executive Officer

Attachment: 1: Rendering of Project

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