

Housing Issues Report

824 Sheppard Avenue West and
177-181 Cocksfield Avenue

Prepared for
ACLP - Sheppard Avenue GP Inc.

October 2020



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1.0

INTRODUCTION

This Housing Issues report has been prepared in support of a rental housing demolition application by ACLP – Sheppard Avenue GP Inc. (“the owner”), to demolish two existing mixed-use buildings which contain residential rental units on lands municipally known as 824 Sheppard Avenue West and 177-181 Cocksfield Avenue (the “subject site”).

The application proposes to redevelop the site which consists of 14 residential rental apartment units and one single detached owner-occupied dwelling unit with a 14-storey (47.9 metres including mechanical penthouse) mixed-use rental building fronting onto Sheppard Avenue East and a 6-storey (21.1 metres) building fronting Cocksfield Avenue, connected by a 3-storey podium. The new mixed-use building will be comprised of 270 residential rental units including 30 bachelor units (11%), 162 one-bedroom and one-bedroom plus den units (60%), 62 two-bedroom and two bedroom plus den units (23%) and 16 three-bedroom units (6%). Of the 270 units proposed, 54 units (20%) will be affordable rental units.

Section 111 of the City of Toronto Act gives the City authority to protect rental housing in the city. In accordance with the provisions in that Section, the City of Toronto prohibits the demolition and conversion of any rental housing (on properties that contain six or more related units) unless a permit has been issued under Chapter 667 of the Municipal Code.

In addition, there are additional rental housing replacement policies in the City of Toronto Official Plan (the “Official Plan”). Policy 3.2.1(6) of the Official Plan relates to new development that would result in the loss of six or more rental housing units. The proposed development will result in the removal of 14 existing rental units and as such, Policy 3.2.1(6) was considered.

On behalf of our client, we are pleased to submit this Housing Issues Report, which addresses Section 111 of the City of Toronto Act and the Toronto Official Plan housing policies, as they apply to the proposed redevelopment of the subject site.

The following information contained in this report has been provided to us by the owner. Bousfields Inc. has relied upon the information provided to complete this report and is not responsible for the accuracy of said information.

2.0

SUBJECT SITE

The subject site is located on the north side of Sheppard Avenue West, east of Wilmington Avenue, and south of Cocksfield Avenue. The site is generally rectangular in shape, extending in a north-south direction with frontage on Sheppard Avenue West of approximately 32.3 metres and on Cocksfield Avenue of approximately 45.8 metres, a lot depth of approximately 122.6 metres, and a total lot area of approximately 4,823 square metres (0.51 hectares).

The site contains three buildings comprised of two 2-storey buildings oriented in a north-south direction with at-grade commercial/retail uses and 14 residential rental units above on

the properties known municipally known as 824 Sheppard Avenue West and 179-181 Cocksfield Avenue. The property known as 177 Cocksfield Avenue consists of a 1-storey residential bungalow and was previously owner-occupied. An affidavit confirming the owner occupancy of 177 Cocksfield Avenue has been provided as part of the application process.

This report focuses on the rental elements of the subject site. Greater detail on the subject site and its surroundings is included in the Planning Rationale Report (dated October 2020).

Accordingly, the existing configuration of rental units is as follows:

Table 1 – Rental Units

| | Address | Unit Type | Status |
|----|---------------------------|------------------|---------------|
| 1 | 824 Sheppard Avenue West | 2-bedroom Unit | Occupied |
| 2 | 824 Sheppard Avenue West | 2-bedroom Unit | Occupied |
| 3 | 824 Sheppard Avenue West | 2-bedroom Unit | Occupied |
| 4 | 824 Sheppard Avenue West | 2-bedroom Unit | Occupied |
| 5 | 824 Sheppard Avenue West | 2-bedroom Unit | Occupied |
| 6 | 824 Sheppard Avenue West | 2-bedroom Unit | Occupied |
| 7 | 824 Sheppard Avenue West | 2-bedroom Unit | Occupied |
| 8 | 179-181 Cocksfield Avenue | 2-bedroom Unit | Occupied |
| 9 | 179-181 Cocksfield Avenue | 2-bedroom Unit | Occupied |
| 10 | 179-181 Cocksfield Avenue | 2-bedroom Unit | Occupied |
| 11 | 179-181 Cocksfield Avenue | 2-bedroom Unit | Occupied |
| 12 | 179-181 Cocksfield Avenue | 2-bedroom Unit | Occupied |
| 13 | 179-181 Cocksfield Avenue | 2-bedroom Unit | Occupied |
| 14 | 179-181 Cocksfield Avenue | 2-bedroom Unit | Occupied |

3.0

PROPOSAL

The proposal involves the demolition of the existing buildings on the subject site and their replacement with a new 14-storey (47.9 metres including mechanical penthouse) mixed-use rental building fronting onto Sheppard Avenue East and a 6-storey (21.1 metres) building fronting Cocksfield Avenue, connected by a 3-storey podium. The proposal contains a total gross floor area of 19,483 square metres including 15,872 square metres of residential gross floor area, 462 square metres of retail gross floor area, and a proposed daycare use with a total gross floor area of 360 square metres, resulting in an overall density of 4.0 FSI. A total of 270 residential rental units are proposed including 30 bachelor units (11%), 162 one-bedroom and one-bedroom plus den units (60%), 62 two-bedroom and two bedroom plus den units (23%) and 16 three-bedroom units (6%). Of the 270 units proposed, 54 units (20%) will be affordable rental units. Greater detail on the current redevelopment proposal is included in the aforementioned Planning Rationale Report.

In anticipation of an upcoming application, the Owner has shared a letter with the existing residential tenants, including:

- A description of the application being submitted;
- The City of Toronto's rental replacement policies being followed;
- Approximate, anticipated timelines for the application review process;
- Questions and answers regarding how the application would impact current residential tenants, should it be approved.

Due to the current restrictions in place, including with respect to in-person gatherings, it has not been possible to arrange an in-person meeting with the existing residential tenants, as would normally be done. The Owner will continue discussions with City of Toronto staff to determine options to convene a meeting or information session using virtual tools such as WebEx, with the option to call in by telephone. The Owner's intention is to support the City's tenant consultation, and more broadly, to ensure that tenants understand the application, review process, and how they would be impacted should the application be approved.

4.0

APPLICABLE POLICY AND REGULATORY CONTEXT

This Housing Issues Report outlines the applicable housing policy that applies to the proposal. Further policy detail is included in Section 4.0 of the Planning and Urban Design Rationale.

4.1 Provincial Policies

The Provincial Policy Statement (PPS), 2020 provides overall policy direction on matters of provincial interest relating to land use planning and development. The PPS is intended to promote efficient development and land use patterns to support strong communities, to protect the environment and public health and safety, and promote a strong economy.

With respect to housing, Policy 1.4.3 of the PPS requires provision to be made for an appropriate range and mix of housing options and densities to meet projected market-based and affordable housing needs of current and future residents of the regional market area by, among other matters, permitting and facilitating all housing options, all types of residential intensification and redevelopment, directing new housing towards locations with appropriate levels of infrastructure and public service facilities, promoting densities for new housing which efficiently use land, resources, infrastructure and public service facilities, requiring transit-supportive development and prioritizing intensification in proximity to transit, and establishing development standards for residential intensification, redevelopment and new residential development which minimize the cost of housing and facilitate compact form.

The 2019 Growth Plan for the Greater Golden Horseshoe (the "Growth Plan") came into effect May 16, 2019. All decisions made on or after this date in respect of the exercise of any authority that affects a planning matter will conform with the Growth Plan (2019), subject to any legislative or regulatory provisions providing otherwise.

Section 2.2.6 of the Growth Plan deals with housing. With respect to housing, Policy 2.2.6(1) requires municipalities to support housing choices through the achievement of the minimum intensification and density targets in the Growth Plan by identifying a diverse range and mix of housing options and densities to meet projected needs of current and future residents. Notwithstanding Policy 1.4.1 of the PPS, Policy 2.2.6(2) states that, in implementing Policy 2.2.6(1), municipalities will support the achievement of complete communities by: planning to accommodate forecasted growth; planning to achieve the minimum intensification and density targets; considering the range and mix of housing options and densities of the existing housing stock; and planning to diversify the overall housing stock across the municipality.

In accordance with Policy 2.2.6(3), municipalities will consider the use of available tools to require that multi-unit residential developments incorporate a mix of unit sizes to accommodate a diverse range of household sizes and incomes.

4.2 Toronto Official Plan

Sheppard Avenue West is identified as an Avenue on Map 2 (Urban Structure). Policy 2.2(2) provides that "growth will be directed to the Centres, Avenues, Employment Areas and the Downtown". The Plan states that reurbanization along Avenues can create new housing and jobs while improving the pedestrian environment, the look of the street, shopping opportunities and transit service for community residents.

The subject site is designated Mixed Use Areas as shown on Map 16 (Land Use Plan) of the Official Plan. The Mixed Use Areas designation permits a broad range of commercial, residential and institutional uses in single-use or mixed-use buildings. The introductory text in Section 4.5 states that the intent of the designation is to achieve a multitude of planning objectives by combining a broad array of residential uses, offices, retail and services, institutions, entertainment, recreational, and cultural activities, and parks and open spaces.

As discussed in further detail in the Planning and Urban Design Rationale report, it is our opinion that the proposal conforms to the Official Plan policies and represents appropriate and desirable intensification of an underutilized Mixed Use Areas-designated property, located along an Avenue and adjacent to a planned higher order transit station.

Section 3.2.1 of the Official Plan, as amended, contains the applicable housing policies. Policy 3.2.1(1) provides that a full range of housing in terms of form, tenure and affordability will be provided to meet the current and future needs of residents.

Policy 3.2.1(2) indicates that the existing housing stock will be maintained, improved and replenished, and that new housing supply will be encouraged through intensification and infill that is consistent with the Official Plan.

Policy 3.2.1(3) provides that investment in new rental housing, particularly affordable rental housing, will be encouraged by a coordinated effort from all levels of government through implementation of a range of strategies. In accordance with the Official Plan definitions, 'rental housing' is defined as;

"...a building or related group of buildings containing one or more rented residential units, including vacant units that have been used for rented residential purposes, and units that are being or have last been used for rented residential purposes in equity co-operative or co-ownership housing, but does not include condominium-registered or life-lease units".

Policy 3.2.1(5) applies to significant new development on sites containing six or more rental units, where existing rental units will be kept in the new development. This policy requires that the new development:

- will secure as rental housing, the existing rental housing units which have affordable rents and mid-range rents; and
- may secure any needed improvements and renovations to the existing rental housing, in accordance with and subject to Section 5.1.1 of this Plan, without pass-through of such costs in the rents to tenants.

Policy 3.2.1(6) provides that new development that would have the effect of removing all or a part of a private building or related group of buildings, and would result in the loss of six or more rental housing units will not be approved unless:

- The replacement and maintenance of at least the same number, size and type of rental housing units, with rents similar to those in effect at the time the redevelopment application is made;
- for a period of at least 10 years, rents for replacement units will be the rent at first occupancy increased annually by not more than the Provincial Rent Increase Guideline or a similar guideline as Council may approve from time to time; and
- an acceptable tenant relocation and assistance plan addressing the right to return to occupy one of the replacement units at similar rents, the provision of alternate accommodation at similar rents, and other assistance to lessen hardship.

As discussed in more detail in Section 5 below, the Owner proposes to replace all 14 rental units in the new development and rent them at rents similar to those in effect at the time the redevelopment application is made, as discussed further below.

In our opinion, the proposed development conforms with the City of Toronto Official Plan and, in particular, the proposed uses are in keeping with the applicable Mixed Use Areas designation. In addition, all of the existing rental units are proposed to be replaced with rental units of the same size and type. However, the proposal will require an amendment to the Sheppard West/Dublin Secondary Plan in order to permit an increase the prescribed height and density to accommodate the proposal. An Official Plan Amendment application is being filed.

4.3 Zoning

The subject site is zoned under the former City of North York By-law No. 7625, as amended, and the new city-wide Zoning By-law 569-2013, as amended. By-law 569-2013 remains under appeal before the LPAT and is technically not yet in-force.

City of North York Zoning By-law

The subject site is zoned C1 – General Commercial Zone.

Within the C1 zone, permitted uses include a range of commercial uses, such as restaurants and retail stores, professional offices, hotels, theatres, amongst other uses. In addition, all uses permitted in an R5 and RM5 zone are permitted subject to those zone provisions including apartment dwellings, multiple attached dwellings, amongst others. The applicable C1 zoning provisions set out required minimum front and rear yard setbacks, a maximum lot coverage of 35% for residential buildings other than single family, and 33.3% for all other buildings, and a maximum building height of 9.2 metres or 3 storeys, whichever is greater.

Further to the applicable zone provisions above, the subject site is located within proximity to the Downsview Airport and subject to Schedule 'D' – Airport Hazard Map. The Airport Hazard Map identifies maximum structure heights for various zones near and adjacent to Downsview Airport to ensure there is no conflict with flight paths. The subject site falls within an area with a maximum structure height of 45.72 metres. It should be noted that the Downsview Airport is slated to close in 2023.

City-Wide Zoning By-law 569-2013

City-wide Zoning By-law 569-2013 zones the subject CR 1.0 (c1.0; r1.0) SS3 (x215) with a height limit of 10.5 metres (3-storeys) and locates it within Policy Area 3.

The CR (Commercial Residential) zone permits a range of commercial and residential uses including apartment buildings, offices, retail stores, personal service shops, financial institutions, and eating establishments, as well as a mixed-use building. The 1.0 (c1.0; r1.0) component of the zoning permits an overall density of 1.0 times the lot area, a maximum commercial density of 1.0 times the lot area, and a maximum residential density of 1.0 times the lot area. A portion of 824 Sheppard Avenue West is subject to Policy Area 4 parking rates.

The Development Standard Set 3(SS3) provisions include the following:

- The building must be setback:
 - at least 7.5 metres from the rear lot line; or
 - where the rear lot line abuts a lane, at least 7.5 metres from the lot line of the lot abutting the lane on the opposite side of the lane; and
 - at least 3.0 metres from a side lot line if the side lot line abuts a street that is not a major street on the Policy Areas Overlay Map; and
- where the main wall of a building has windows or openings, the main wall must be set back at least 5.5 metres from a side lot line that is not adjacent to a street or lane, otherwise no building setback is required;
- where the main wall of a building does not have windows or openings, the main wall must be set back at least 3.0 metres from a side lot line that abuts a lot in the Residential Zone category or Residential Apartment Zone category, otherwise no building setback is required.

Under Exception 215, the following additional zoning provisions apply to the subject site:

- A building or structure cannot penetrate a 45-degree angular plane measured from the side or rear lot line abutting a lot in the Residential Zone category;
- A minimum building setback from a lot line in the Residential Zone category of 9.5 metres;
- A minimum 1.5 metre wide landscape strip is required along a rear lot line that abuts a lot in the Residential Zone category;
- Schedule 'D' Airport Hazard Map continues to apply.

The proposal will require amendments to both the City-wide Zoning By-law 569-2013, as amended, and the former City of North York By-law 7625, as amended. Site-specific By-law amendments are required in order to increase the permitted height and density, and to revise other development standards as necessary to accommodate the proposal.

In addition to the above, the development proposal requires that a Rental Housing Demolition and Conversion application be filed, under Section 111 of the City of Toronto Act.

5.0

ANALYSIS AND OPINION

5.1 General Analysis

The proposal is supportive of the policy directions set out in the Provincial Policy Statement 2020, the Growth Plan for the Greater Golden Horseshoe (2019) and the City of Toronto Official Plan. The proposed development will provide a range of housing types through intensification of an underutilized site within the City's built area that is located along an Avenue in Toronto and near existing and planned major transit networks.

The proposed development is in keeping with Section 3.2.1 of the Official Plan. In accordance with Policy 3.2.1(1) the proposal contributes to a full range of housing in terms of both form and tenure as it will introduce a range of residential units types, including larger units suitable for families and a mix of market-rent and affordable rental units, in addition to replacing all existing rental units.

In conformity with Policy 3.2.1(2), the proposal ensures that the existing housing stock will be maintained, and the overall housing stock will be replenished through intensification and infill on a site that is currently underutilized. Furthermore, the proposed development will add a significant number of high-quality units to the City's stock, in a walkable neighbourhood, with good transit accessibility. The proposal provides a range of unit types and sizes, as discussed in Section 3 of this report. With regard to Policy 3.2.1(6), an analysis on the proposal's conformity with this policy is set out below.

Section 111 of the City of Toronto Act prohibits the demolition or conversion of any rental housing on properties that contain six or more related units unless a permit has been issued under Chapter 667 of the Municipal Code. Accordingly, a permit to demolish the existing buildings will be applied for through a Rental Demolition and Conversion application process.

5.2 Analysis of Unit Number, Size and Type

Pursuant to Policy 3.2.1(6)(b)(i), the rental replacement policies require the replacement of the existing rental units with "at least the same number, size and type" of rental housing units. With respect to this requirement, it is observed that there is no definition of either 'size' or 'type'. However, based on a full reading of the Official Plan and an understanding of how the policy has been applied in the past, the terms should be understood as follows:

'Size' refers to the actual square footage of the units, but with reasonable allowances to take into consideration modern design efficiencies.

'Type' refers to the number of bedrooms, rather than to building form. In the definition of "Affordable Rents", the Plan refers to "unit types (number of bedrooms)".

In accordance with Official Plan Policy 3.2.1(6), the Owner is proposing to replace all 14 rental units. The proposed replacement units will be the same type as the existing units (see Table 2 below). The existing size of the units on the subject site are currently unknown. Due to Covid-19, it was not possible to safely conduct a site visit with City staff in advance of the application, however this has been discussed with City staff and a future site visit will take place to confirm unit types, as well as conduct a survey of the existing units, when it is safe to do so.

In addition, through the redevelopment of the site, the returning tenants will have access to increased indoor and outdoor amenity space, bicycle parking spaces, new retail/commercial units and a new daycare on site. These facilities will represent an improvement in comparison to the existing amenity spaces available to existing tenants.

Table 2 - Comparison of Existing and Proposed Rental Replacement Units (Unit Type) at 824 Sheppard Avenue West and 179-181 Cocksfield Avenue

| Unit Type | Existing Units | Proposed Rental Units |
|-----------------|----------------|-----------------------|
| Bachelor | | 30 |
| 1-Bedroom | | 153 |
| 1-Bedroom + Den | | 9 |
| 2-Bedroom | 14 | 57 |
| 2-Bedroom + Den | | 5 |
| 3-Bedroom | | 16 |
| Total | 14 | 270 |

5.3 Analysis of Unit Affordability

Rent rolls dated July 2020 are provided under separate cover. The rent rolls provide the rent for each of the rental units on the subject site and by type.

The Official Plan defines “affordable rents” as housing where the total monthly shelter cost (gross monthly rent including utilities but excluding parking and cable television charges) is at or below one times the average City of Toronto rent, by unit type, as reported annually by the Canada Mortgage and Housing Corporation. The applicable 2020 affordable rent limits by relevant unit type are included in Table 3 below.

With respect to utilities, the cost of utilities (except water) is not included within the rent for the units and is paid for separately by the tenants. As such, for all these rental units the applicable monthly costs for hydro, hot water and heat (\$49, \$26 and \$30, respectively) published online by the City of Toronto ‘2020 Affordable Housing Utility Allowances’ was added to the monthly rent of all the units within the building.

Table 3 - 2020 Average Rent Thresholds

| Unit Type | Affordable Rents | Mid-Range Rent |
|-----------|------------------|--------------------|
| 1-Bedroom | \$1,374 or less | \$1,375 to \$2,060 |
| 2-Bedroom | \$1,591 or less | \$1,592 to \$2,386 |
| 3-Bedroom | \$1,759 or less | \$1,760 to \$2,638 |

Based on our analysis of the information provided, a summary of the affordability of the existing rental units is set out in Table A6 below. All of the units fall within the 'Affordable' category. It is proposed that the Owners will replace all 14 units that are being demolished for the redevelopment on the subject site. It is intended that through the Section 37 Agreement, these replacement units will be secured as rental for a period of 20 years. Furthermore, the affordable units will be maintained at similar rent levels, as per the CMHC standards. Any replacement unit vacated and re-rented within the 10 years of the date of initial occupancy would have an initial rent equal to the greater of the last rent charged for that unit or the then-current affordable-range rent.

With respect to the replacement unit details in terms of location within the new building and size of replacement units, this will be provided at a later date once a site visit can safely be conducted in order to prepare an as-built survey of each of the units to determine their gross floor area.

5.4 Tenant Relocation and Assistance Plan

Policy 3.2.1(6)(b) also requires an acceptable tenant relocation and assistance plan, addressing the right to return to occupy one of the replacement units at "similar rents", the provision of alternative accommodation at "similar rents" and "other assistance to lessen hardship". No specific terms are set out for the tenant relocation and assistance plan and it is understood that such terms are intended to be negotiated on a development-by-development basis.

The Residential Tenancies Act, 2006 requires that, if notice of termination of a tenancy is given for the purpose of termination where the landlord requires possession of the rental unit in order to demolish it, the date of termination shall be at least 120 days from the day on which the notice is given. If a tenancy is terminated for the purpose of the demolition, the Act requires that the landlord shall either:

- compensate a tenant in an amount equal to three (3) months' rent; or
- offer the tenant another rental unit acceptable to the tenant

Table 4 - 2020 Average Rent Thresholds

| Unit Type | Affordable Rents | Mid-Range Rent | High End Units |
|--------------|------------------|----------------|----------------|
| 1-Bedroom | | | |
| 2-Bedroom | 14 | | |
| 3-Bedroom | | | |
| Total | 14 | 0 | 0 |

The Owner anticipates that a tenant relocation and assistance plan will be negotiated with the City. Elements of the tenant relocation and assistance plan could include:

- an extended tenant notice period beyond the existing Residential Tenancies Act, 2006 requirement;
- a Construction Management and Phasing Plan;
- a communications strategy, including notification to the existing tenant of project milestones and contact information for project management and construction questions/concerns;
- tenant relocation assistance, including a right to return to a replacement rental unit; and
- tenant compensation, including additional compensation to tenants who choose to find new housing on their own.

For the existing tenants, the owner commits to providing a Construction Management and Phasing Plan, and is open to discussing construction mitigation strategies. In addition, the Owner commits to maintaining a communications strategy, including notification to the existing tenants of project milestones and contact information for project management and construction questions/concerns.

6.0

CONCLUSION

The proposed mixed-use building is consistent with the policy directions set out in the Provincial Policy Statement, the Growth Plan and the City of Toronto Official Plan which encourage intensification on underutilized site in proximity to transit and specifically along an Avenue.

In particular, the proposed development will contribute to an increase in the rental housing stock in the City, while ensuring that the Official Plan's housing policies are met by replacing existing rental housing units in a new modern mixed-use building. The proposed on-site rental replacement strategy will replace existing units with the same type, size and area, and provides future tenants with access to increased indoor and outdoor amenity space, bicycle parking spaces, new retail/commercial units and a new daycare on site. We are of the opinion that this replacement strategy is appropriate and will result in a desirable housing option for future tenants.

It is our opinion that the rental replacement proposal meets the intent of the housing policies of the Official Plan, Policy 3.2.1(6)(b), that the rental replacement housing proposal is appropriate and that the associated Section 111 application should therefore be approved.

