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## Developing homeless shelters through public–private partnerships: The case of the Red Door Family Shelter in Toronto

Matti Siemiatycki

University of Toronto

### ABSTRACT

This article examines the possibility of delivering much-needed social service facilities such as homeless shelters by integrating them into for-profit building developments through public–private partnerships. It draws on the case study of the Red Door Family Shelter in Toronto, a unique project that incorporates an emergency homeless shelter for families, women, and children into an upscale condominium apartment building. The study shows that interinstitutional collaborations enable public- and private-sector entities to realize their goals for urban development projects that neither could achieve on their own. In particular, innovative mixed-use development partnerships can enhance access to scarce development sites, augment project funding, generate community support for controversial projects, and share and mitigate project risks between the partners. Nevertheless, barriers to public–private mixed-use buildings include lengthy and complicated planning processes, challenges finding complementary land uses, and the need to carefully align the interests between the partners.

In an era of fiscal austerity, can public–private partnerships be leveraged to finance and deliver much-needed urban social service facilities such as homeless shelters? The rise of public–private partnerships (PPPs) has been among the most important trends shaping urban redevelopment and design. PPPs represent a fundamental shift in the way that large urban redevelopment schemes are planned, financed, governed, delivered, and operated (Beauregard, 1998; Kort & Klijn, 2011; Nijkamp, Van Der Burch, & Vindigni, 2002; Sagalyn, 2007). PPPs transform the role of government from a provider of public services into an entrepreneurial actor within a networked, relationship-driven approach to land redevelopment. Over the years, urban development PPPs have been widely critiqued as a form of neoliberal urban governance that prioritizes private profit ahead of the public interest, contributing to gentrification, affluent enclaves, greater inequality, and social polarization (Fainstein, 2010; Harvey, 1989; Hourani, 2014; Miraftab, 2004). Moreover, scholars have argued that the expanded role of the private sector in PPP arrangements can put public values of fairness, solidarity, responsiveness, and accountability at stake, thereby changing the nature and quality of developments that are delivered (Diller, 2002; Reynaers & DeGraaf, 2014; Weighe, 2008).

And yet we are also seeing the emergence of new forms of partnership that more meaningfully attempt to deliver public benefit through the development of creative mixed-use buildings that combine private market condominiums, grocery stores, and offices with large-scale public schools, recreation centers, and cultural facilities (Siemiatycki, 2015). This article explores one such example of a PPP to mix a private upscale condominium apartment project and the Red Door Family Shelter for homeless families, refugees, and women into the same building as an example of a partnership model to provide much needed social services in the city of Toronto. Through a series of in-depth

interviews with key stakeholders involved in the project and a review of planning documents, I will identify the factors that motivate the private, nonprofit, and public sectors to enter into complex partnerships that provide critical social services that can be difficult to fund and locate due to community opposition (Goetz & Sidney, 1994; Scheller, 2016; Takahashi, 1998).

Studying the integration of an emergency homeless shelter for women and families into a new private condominium development represents a unique case and points to important insights about the political, regulatory, and institutional contexts that make it possible to leverage partnerships to deliver the physical facilities in which critical social services are provided. Through an examination of the case study, I show how interinstitutional partnerships make it possible to develop projects that neither of the partners could have realized on their own. In particular, the article demonstrates how developing mixed-use buildings through public–private joint ventures addresses barriers to a successful development that each of the partners face. This includes enhancing access to scarce development sites, the augmenting of project funding, developing community support for controversial projects, and the sharing and mitigation of risks.

### Developing mixed-use buildings through PPPs

This article focuses specifically on mixed-use building development public–private partnerships that Hodge and Greve (2010, p. S9) define as “institutional cooperation for joint production and risk sharing.” Mixed-use buildings in North America and Europe typically combine all private or all public uses and do not often constitute meaningful public–private joint development collaborations. However, in recent years there has been a rise of innovative PPP projects that attempt to integrate a broader range of public, private, and nongovernmental organizations as developers and owners of space in the same facility. In North America, the decision to proceed with a partnership to develop a complex, mixed-use public–private building is rarely the first choice of the proponents involved. Rather, it commonly stems from a strategic necessity for each stakeholder to collaborate in order to resolve barriers, share risks, and meet their goals for the site (Siemiatycki, 2015).

Indeed, a confluence of factors contributes to the possibilities for a rise in innovative PPPs to deliver mixed-use building developments in North America. A burgeoning high-rise building boom is generating vast wealth within the development industry and creates a demand to build on more marginal sites (Lau, Giridharan, & Ganesan, 2005; Lehrer, Keil, & Kipfer, 2010; Rosen & Walks, 2015). Local governments motivated by a period of fiscal austerity are encouraged to act entrepreneurially and seek out ad hoc partnership arrangements that tap into a portion of development generated profits, to augment state resources for critical public facilities (Leitner & Garner, 1993). Public–private joint development buildings fit within the contemporary smart growth and new urbanist paradigms about the broad benefits of building compact, mixed-use communities (Banister, 2008; Grant, 2002; Jabareen, 2006; Leyden, 2003). And mixed-use, joint development buildings can create public value by facilitating the sharing of key construction, financial, permitting, and market risks (Rabianski, Gibler, Clements, & Tidwell, 2009).

Despite the opportunities that mixed-use joint public–private buildings present, there remain numerous barriers to their implementation. Mixed use, multi-owner buildings are more complex, costly, and time consuming to plan, build, and operate than conventional single-use buildings (Louw & Bruinsma, 2006; Majoor, 2006). They require the formation of long-term collaborative partnership relationships between public, private, and nonprofit stakeholders that may have different interests and levels of expertise with development partnerships (Siemiatycki, 2015).

Moreover, compatibility can be a challenge when mixing private residential or commercial land uses with major public use cultural, sporting, education, or social services. Buildings that share public and private uses on the same premise are predicated on finding synergies and complementarity between the various land uses. Acceptability of the facility in the wider neighboring community is also necessary (Grant, 2002).

Yet disparities in the compatibility and community acceptability of different types of social service facilities within mixed-use buildings can have significant implications on the extent to which this form of urban development supports the realization of equitable and just cities (Fainstein, 2010; Wynn-Edwards, 2003). Buildings that mix high- and low-income residents in the same facility have in some cases experienced tensions over the use of amenities and lobby spaces, as well as limited interaction between residents with varied incomes (Vale & Shamsuddin, 2017). Entrepreneurial joint development PPPs can concentrate high-quality, desirable public amenities such as new school buildings or recreation centers in wealthy neighborhoods where investors are most easily attracted or spur gentrification when built in low-income redevelopment zones (Angotti, 2008; Graham & Marvin, 2001). At the same time, critically important but locally unwanted land uses such as drug treatment facilities or homeless shelters may be more difficult to site within mixed-use buildings or face challenges attracting external philanthropic or grant funding necessary to make the projects possible under an entrepreneurial governance regime.

### Homeless shelters and NIMBYism

Whether a purpose-built emergency homeless shelter is a compatible and feasible partner within a mixed-use condominium building is a critical question that faced the viability of the Red Door shelter redevelopment project in Toronto and, more broadly, future attempts to integrate necessary human services or social services into market-driven building projects. Homeless shelters take a variety of forms and serve different purposes and populations. Emergency shelters are designed to provide drop-in overnight housing or housing for short-term stays. There are large-scale dormitory-style emergency drop-in shelters, which can be located in customized facilities or within religious institutions or community hubs. Another built form is smaller emergency shelters targeting specific demographics of homeless people such as women leaving situations of domestic violence, families, youth, or new immigrants. The duration of stay in such facilities may be anywhere from a few days to a year, and they tend to include supportive services on site to assist with transitioning into more permanent housing. In addition to emergency shelter services, there are a variety of different affordable housing types that are meant to provide long-term residence to people on low incomes. This includes social housing in buildings that are owned publicly or by nonprofits, housing cooperatives, apartment units that are publicly subsidized within private market rental buildings, and single-room occupancy hotels. Increasingly these long-term affordable housing options are being allocated as part of a “housing first” approach that advocates finding homeless people a safe long-term residence and then providing supportive services to address issues of addiction, mental health, physical illness, or lack of employment training (Klodawsky, 2009).

Within the planning literature, homeless shelters (and affordable housing buildings more broadly) are widely identified as difficult-to-locate facilities, often characterized as locally unwanted land uses (Dear, 1992; Takahashi, 1998). Homeless people are commonly stigmatized by prejudice and bigotry, with plans for new shelters spurring fears of criminal activity, diminished neighborhood property values, traffic, and loitering that would change the local character of the community (Lyon-Callo, 2001; Wynne-Edwards, 2003). According to Dear (1992), homeless shelters engender differing levels of community acceptability depending on geographic proximity to the facility, the characteristics of the users, the type of services provided at the facility, and reputation of the service provider. The physical appearance of the facility is also influential, because an attractive building or one that blends inconspicuously into the surrounding neighborhood can lower public opposition. The history of local advocacy on homelessness issues, class, and political-economic characteristics of the neighborhood influence receptiveness toward the local provision of controversial social services. And community opposition to homeless shelters is influenced by the perceived degree of culpability in their situation and dangerousness of the homeless population being served.

Overall, an unmistakable hierarchy of acceptable shelters has emerged (Dear, 1992). Strong community opposition is most likely to be mobilized against large-scale dormitory-style drop-in

homeless shelters providing services to single men or unaccompanied youth. Such facilities are commonly stereotyped as unclean, overcrowded, and unsafe and populated by individuals who are in some way culpable for their homelessness or facing addiction and mental health issues. By comparison, women escaping domestic violence, families, and children tend to be viewed by communities as a less threatening and more deserving homeless population to serve locally, especially in smaller scale facilities with separate rooms where tenancy may be longer and a range of social programs are provided to support transitions out of homelessness.

A key implication of the implicit hierarchy of acceptable homeless shelters is the documented rise of what Veness (1994, p. 155) calls “designer shelters.” These are small purpose-built facilities in less centrally located areas that target segments of the homeless population that are more acceptable to the public and most likely to be rehoused. Women and families would fit this profile as groups that are considered more acceptable and lower risk than single men or people with mental health disorders.

### **Extending the mixed-use development model to social services**

This section examines the practice of integrating a critical but often unwanted social service facility into a market condominium project by reviewing the case of the Red Door Family Shelter in Toronto. It is the first example in Toronto, and likely all of Canada, where an emergency homeless shelter is being combined into a new-build upscale market condominium project. As such, the Red Door shelter redevelopment project represents what Yin (1984) calls a unique case. It challenges the popular conception within planning theory and among city officials and developers that it is not possible to integrate hard-to-site but socially important human services like homeless shelters into upscale market-oriented mixed-use buildings. Examining this case study in detail highlights the planning processes, financial models, and politics that make possible partnerships that support a form of local development without displacement, as well as the limits of such an approach.

The analysis of the Red Door shelter redevelopment project is based on two sources. First, a review was conducted of secondary material pertaining to the project, including official government planning documents, building design plans, renderings and marketing material produced by the developer, websites hosted by the developer and the nonprofit Red Door shelter agency, and media coverage of the project. Second, 22 in-depth interviews were conducted with key informants involved in the planning and delivery of the project. This includes seven interviews with senior City of Toronto staff from various departments that participated in the project; eight members of the Red Door shelter management team and nonprofit board of directors; six individuals from the private sector, including the lead developer and major philanthropic donors; and the local city councilor. Interviews were semistructured and tailored to the subjects and specific roles that each participant had in the project. Together the interviews and secondary documents were drawn on in this article to identify the particular details of the case study project as well as the issues that participants in mixed-use buildings find important.

### **Overview of the Red Door shelter redevelopment project**

The context for the redevelopment of the Red Door Family Shelter in Toronto is similar to that in many major cities such as Vancouver, New York, San Francisco, and London. Toronto is experiencing an acute shortage of affordable housing caused by a confluence of factors. This includes a steadily growing population, dramatically rising property prices, a luxury condominium construction boom, rising rents and low vacancy rates, and limited construction of new public housing or affordable rental units (City of Toronto, 2013). Amidst the unfolding crisis of affordable housing, the city and nonprofit service providers operate an extensive network of shelters for approximately 4,000 homeless people per night, with 96% nightly occupancy rates for the entire system (City of Toronto, 2016). Nevertheless, efforts to develop new homeless shelters to keep up with demand and extend the

coverage of homeless shelters outside of the downtown core have been met with strong local opposition, and most have ultimately not been built.

It is against this backdrop that the Red Door shelter redevelopment project has been undertaken. The Red Door shelter was one of the first emergency shelter services for women and families in Toronto, operating out of a United Church building in the city's east end since 1982. The shelter delivers emergency housing services to women and families escaping domestic violence, facing eviction, or without an alternative housing option. The shelter has a core mandate of providing its users with integrated medical, legal, and social support services alongside a safe shelter to break the cycles that contribute to homelessness (Red Door Shelter, 2016a).

The Red Door shelter is a critical part of the city of Toronto's family shelter system. Its 106 beds represent 17% of the city's permanent family shelter beds, providing shelter to over 500 families per year. The Red Door shelter is operated by a nonprofit organization that leases its space within the church building. It operates under contract to the city of Toronto and has a total annual operating budget of C\$5.2 million, of which approximately half comes from the city of Toronto and the remainder from the provincial government and philanthropy (City of Toronto, 2015). Given its location in an aging converted church building, the original facility was less than ideal as a shelter space for vulnerable populations. It included a mix of private and semiprivate rooms and shared washroom facilities, in a dark unwelcoming space that the shelter management described as "institutional, inadequate and depressing" (Red Door Shelter, 2016b, p. 5). Nevertheless, over the years the shelter provided high-quality service despite its physical building and developed a strong relationship with the surrounding community.

In 2010, the United Church decided to sell the building. The building was located in South Riverdale, which was once a working-class neighborhood on the eastern fringes of the downtown core. South Riverdale historically had a significant concentration of low-income residents, was speckled with disused industrial properties, and had a record of electing progressive politicians at the municipal, provincial, and federal levels. It also had a small but socially mobilized community of homeless people and illegal drug users, who had deep roots within the neighborhood and made use of extensive social services within the area. As such, there were some local cultural and political inclinations for supporting the redevelopment of the Red Door shelter in the area.

Yet the neighborhood was in a period of rapid transformation. Affluent residents and trendy shops were moving into the community, property prices soared, and some tensions had begun to arise over the effects of community change and the uncertain future of social services in the neighborhood. As the City of Toronto planner responsible for the South Riverdale neighborhood explained, community consultations found that residents in the area would "not allow gentrification to wash it all clean of anything else other than people who can afford new land value" (Interview, 2016).

Within this environment, when the church building was put up for sale, the Red Door shelter entered into an agreement of purchase and sale to buy the building and maintain it as a shelter. However, the city declined to provide the Red Door shelter with upwards of C\$4 million in requested financing from a city grant or a loan guarantee, nor was the shelter able to access a private loan to close the transaction. As an alternative, the Red Door shelter allocated their purchase agreement of the church building to a development company called Rose and Thistle, with the intention that the developer would include a C\$6 million shelter in a new market condominium building on the site. However, in 2013 the owner of Rose and Thistle was accused of financial wrongdoing by her private investors and a judge assigned the church property to a bankruptcy receiver to be sold (City of Toronto, 2015). For the developer who purchased the property out of receivership, the initial intention was to develop a conventional upscale condominium project, and from the outset he had little familiarity with the Red Door shelter on the site. "When we came into this project," said the developer, "because of the receivership situation, we really didn't know about it" (Interview, 2016).



At this point there was deep concern among shelter management and in the local community that the new purchaser of the property would evict the Red Door shelter. The shelter had no entitlement to be on the site once their lease expired. And finding a new site for a large-format shelter in the same neighborhood would be difficult and prohibitively expensive. In response, the local city councilor and shelter management mobilized a community drive to save the Red Door shelter. Their efforts resulted in a petition of support with over 50,000 signatures, as well as considerable financial donations to the Red Door shelter nonprofit organization. It also pushed the issue onto the city council agenda. In 2014, the Toronto City Council confirmed its support for the shelter by passing a motion directing staff to find an arrangement that would retain the shelter in the community. Over the next 8 months, city staff worked with the new buyer of the church site Harhay Developments, the Red Door shelter management, and the local city councilor to find a suitable arrangement (City of Toronto, 2015).

The result of these negotiations is a unique development. It includes a seven-story condominium apartment building with retail on the first floor fronting onto the arterial road, Queen Street. Integrated into the side and rear of the building is an approximately 20,000 square foot purpose-built homeless shelter with 94 beds, each in separate family rooms with a private washroom (Figure 1). The new shelter building is also designed to provide natural light and customized spaces to provide critical user support and transition services, including meeting rooms, a food bank, on-site social programs to transition out of homelessness, a preschool, a computer room, and outdoor play space for children and youth. Thus, though the new shelter will have 12 fewer beds than in the old facility, provision of private rooms and improved amenity spaces will provide greater comfort and functionality for users.

The project is made financially possible through a variety of arrangements between the developer, the city, and the Red Door shelter. The city has granted the developer a density bonus of one



**Figure 1.** Rendering of Red Door shelter mixed into condominium building.

additional floor above the zoned building height for the site, which is valued at up to C\$250,000. The city of Toronto will own the shelter portion of the building and fund the capital construction costs of the shelter through its Land Acquisition Reserve Fund, money generated by the city from the proceeds of previous public land sales. The shelter space will then be leased to the Red Door shelter as a long-term tenant, with rent payments to the city made from the annual operating subsidy the city provides to the Red Door (City of Toronto, 2015). The Red Door shelter is responsible for raising the funds to furnish and equip the building and has collaborated with executives from the Bank of Montreal and other philanthropists to lead a C\$3 million fundraising campaign. As of 2016, units in the private condominium building are over 75% presold and the fundraising campaign to furnish the building is on track. Construction of the condominium–shelter joint development began in autumn 2016.

## Analysis of the Red Door case

### *Motivations for the partnership*

Analyzing the case of the Red Door shelter redevelopment project provides insights into the motivations, opportunities, and challenges of developing innovative mixed-use buildings. First, the case study highlights that developing a mixed-use, joint development building was not the preferred model for any of the key stakeholders involved. Indeed, at various points in the redevelopment process, each stakeholder articulated a desire to proceed on their own in a direction that best met their individual interests and needs. However, the optimal solution for each partner created negative externalities on other stakeholders and would pose a potential barrier to realizing their goal. The interests and tensions between the initial positions of the various stakeholders are shown in [Table 1](#).

Changing the position of the city of Toronto from its initial rejection of funding for the Red Door shelter redevelopment was especially challenging because the project crossed multiple divisions within the organization, which each had their own positions and interests. The mandate of the city finance department is to ensure fiscal prudence and minimize the assumption of major financial risks. The planning department saw the project as meeting local community objectives but had to balance concerns that the provision of a density bonus to the developer to finance a portion of the shelter on site could set an unwanted precedent about building density for future developers along

**Table 1.** Limits of the initial shelter redevelopment option by stakeholder.

Stakeholder	Initial position	Point of conflict
Red Door shelter	Request that the city purchase the church building and continue to lease the site to the Red Door shelter	Shelter would remain on existing site but unlikely to be able to raise capital funds to improve suboptimal shelter space in church
City of Toronto	Provide no capital support to save the Red Door shelter on its existing site, because staff argued that there were sufficient shelter beds for women and families elsewhere within the city system	City position would result in Red Door shelter being closed Local community and city councilor strongly supported the shelter and closing it would face strong public opposition
Harhay Developments	Purchase a property out of receivership and develop a conventional upscale condominium development on the former church site	Heightened opposition to development from local city councilor and community to evicting the shelter could cause planning permission delays Ethical dilemma of evicting a critical social service provider
City councilor	Retain a critical social service within the local ward, ideally on the existing site	City staff initially opposed to expending public funds to purchase site for Red Door shelter
Local community	Opposed to any redevelopment on former church site that would displace respected social service provider and could speed up the process of neighborhood gentrification	Little statutory channels to stop the site redevelopment. Developer has as of right permission based on site zoning to build a new condominium. And the Red Door shelter was nearing the end of its lease in the church building, at which point it could be legally removed



the street. And the deputy city manager responsible for the shelter was interested from the outset in finding a solution to preserve the Red Door shelter but was facing difficulties coalescing support for the project within the city bureaucracy (Interview, 2016).

The solution to this tangle of competing interests and embedded contradictions between the starting positions of the different stakeholders on the site was to develop a mixed-use joint development building. This represents what Huxham and Vangen (2000) call a collaborative advantage, where stakeholders working together make possible a solution to a problem that is better than any one party could realize on their own. The joint development partnership model employed in the case of the Red Door shelter provided an opportunity for each stakeholder to resolve financial, land access, planning, or community opposition constraints that would have delayed or derailed the project from proceeding.

The mixed-use joint development building provides the nonprofit Red Door shelter operator with the opportunity to remain on its existing site permanently in a new purpose-built shelter space that can be tailored to meet the facility user needs. As the shelter's executive director explains, even if the city had initially purchased the church building and permitted the shelter to stay in the existing space as had originally been the shelter's preferred option, "we would not have been able to have what Harhay is going to build" (Interview, 2016). For their part, Harhay Developments gains access to a valuable site, a density bonus from the city to financially support the project, city funding to build the shelter portion of the building, and the reputational boost and social license to build an upscale condominium in a location where they otherwise would have faced strong public resistance. Through the deal arrived at, the city reduced its financial risk by retaining ownership of the new shelter building. This ensures that if the Red Door operator ever runs into difficulties or ceases operation in the future, the city retains the shelter space and can find a different provider. And the local councilor and community retain a social service that is widely seen as a valued part of the neighborhood. Indeed, finding a collaborative advantage was central to the way in which the key stakeholders envisioned the project. As the chair of the Red Door shelter board of directors explained: "It's a very complex solution that speaks to the excellence that each party can deliver. So each party gets to do what they do really well" (Interview, 2016).

Despite the mutual benefit to the partners involved, achieving this resolution was consistent with another hallmark of mixed-use buildings. It was a lengthy, unpredictable, complex, and contentious process that took place very publicly. The parties did not simply arrive at this solution through routine discussions that identified mutual benefits to proceeding in partnership. Rather, it required the catalyst of the major "Save the Red Door Shelter" campaign initiated by the local councilor and shelter management. In particular, the Red Door shelter worked with a public relations firm to implement a media relations and volunteer outreach strategy that would raise public awareness and community support for the shelter. For the president of the public relations firm that designed the Save the Red Door Shelter campaign, the goal was to make the loss of the shelter "go from a quiet little problem to a very public discussion with action items, and a call to action" (Interview, 2016).

With respect to the city, the public awareness and pressure generated by the Save the Red Door campaign empowered the local councilor to obtain a motion from the city council tasking city staff to reverse their original position and find a resolution to preserve the Red Door shelter. Assertive lobbying by the local councilor and the broad public support for the shelter was also imperative in guiding the developer's decision to retain the shelter on the site: "We realized there's support in the community for this shelter. And we knew that that was going to be there too. So we realized ok, so this [the shelter] is going to be a big part of it" (Interview, 2016). From this point on, there was strong collaboration between the three partners—the developer, the multidepartment team of city staff, and the shelter operator—to find a design and financial structure that would make the project feasible.

### ***Compatibility of land uses***

Integrating the Red Door shelter into a luxury condominium building pushes the boundaries of complementary land uses within a single building. Across Toronto proposals to develop homeless shelters have faced widespread not-in-my-backyard type of opposition from local residents, as is common across the country (Wynne-Edwards, 2003). And to date the Red Door shelter project is the first public-private joint development building in the city that includes a large-scale homeless shelter component. In so doing, the project reaffirms Dear's (1992) conclusions about the hierarchy of acceptable shelters within communities. Each of the parties involved in the Red Door shelter redevelopment project were acutely aware of the fact that the provision of services to families, women, and children made a mixed-use project a possibility for this site. As the Red Door shelter director explains: "People are more accepting of women and children. So women and children are the deserving poor, not the undeserving poor which are single men" (Interview, 2016)

From the starting point of providing shelter services to a publicly acceptable population, the exemplary reputation of the Red Door shelter as a responsible service provider with a longstanding presence in the community was critical to making a mixed-use building a viable option for the various stakeholders. The Red Door shelter was actively embraced as a key part of the community fabric, which, the shelter's director of human resources and administration explains, was achieved through "networking, connection, being a good neighbor" over many years (Interview, 2016). Aesthetically and programmatically, the shelter fit the profile of a good neighbor. It was well maintained and did not have large numbers of people congregating around it who may be perceived by neighbors as dangerous or threatening. For all intents and purposes, the facility blended into the surrounding landscape and would not be identifiable as a homeless shelter to an unfamiliar passerby. The shelter also maintained close connections with local businesses and nonprofit service providers, with the children integrating into the surrounding community by attending neighborhood schools. Thus, when reflecting on the viability of PPPs for other homeless shelters, the local city councilor explains: "I think it would be very hard to work for a new shelter. I believe that it can work for an existing shelter that has superlative relationships in the community. So if you're a shelter that has a lot of bad relationships, this would not work" (Interview, 2016).

For the developer, the compatibility of land uses is predicated on the ability to sell the upscale residential units. As the developer outlines, the private development aspect of the project was ultimately made feasible because there was support for the shelter within the surrounding community and a market for the units. "People wanted to save it [Red Door shelter], keep it there. People accepted that. In terms of the condo sales, we believe that it's not going to have any adverse impact, people are accepting of it" (Interview, 2016).

### ***Designing for land use separation***

The challenge of undertaking the Red Door redevelopment project was elevated because the homeless shelter is being integrated into a mid-rise rather than high-rise building. The major joint development buildings that have been completed to date in Toronto each integrate a large-format public user such as a school or theater or athletic recreation center into a high-rise tower or a mid-rise building with a very large footprint (Siemiatycki, 2015). Smaller scale buildings on tight sites present a particular challenge to sufficiently separate different users. And mid-rise buildings in Toronto typically have especially thin profit margins due to the need to provide expensive underground parking and elevator services.

Nevertheless, in the Red Door shelter case, the developer, the city, and the shelter operator were able to produce a complementary design that divides the spaces in the mixed-use building in such a way that it meets the needs and maximizes the value for each user. Although the theory of mixed-use buildings emphasizes the potential to create value through synergies and shared spaces between the users, in this case the building has been designed and marketed as two completely separate entities.

The ground floor retail and condominium apartments up above derive the highest value for the developer by fronting onto Queen Street, the main arterial road. The seven-story condominium building will have its own separate entrance on the eastern side of the building, on a small arterial street.

The Red Door shelter is situated in its own three-story component incorporated on the back of the building, with a separate entrance on the west side of the facility on a quiet side street. This location on the site provides an added level of privacy and discreteness from the main street, which is desirable for shelter users who may be leaving violent or abusive relationships. In this case, strict separation rather than permeability between the different building uses was an objective of *each* partner to maximize their utility of the site. This differentiates the Red Door shelter design from recent critiques of separate “poor doors” or amenity facilities in new upscale condominium towers for residents living in government mandated affordable housing units on the site (Schwartz, 2016).

### ***Making the financials work***

The necessity to undertake a unique mixed-use development in order to save the Red Door shelter created a spirit of creativity, innovation, and entrepreneurialism within each of the partners to find a financial model that would make the project viable. For Harhay developers, “the condominium units were sold at a slightly discounted price compared to other similar units in the neighborhood to account for the shelter being located in the building” (Interview, 2016). However, the city provided Harhay Developments with an additional floor on the building above the permitted zoning, which created an estimated C\$250,000 in value. The developer also generates additional revenue through the contract with the city to construct the shelter portion of the building. Based on these revenue streams, the building is profitable for the developer.

The city also played a key financial role in making the project feasible. Initially, city staff rejected a request from the Red Door shelter for a conventional capital grant or loan guarantee to support the purchase of the building, as is common for other social services such as daycares. As the manager for the project explained, there were concerns “about the capacity of the organization to take on something as significant as a development project” (Interview, 2016).

Rather, the city took on a more active role as the owner of the shelter space and investment partner with Harhay Developments on the project, a deal designed to protect the city’s investment in the project. The city provided millions of dollars in capital funds to pay Harhay Developments to build the shelter portion of the facility, funds that are being drawn from the city’s Land Acquisition Reserve Fund. The money is being repaid to the Land Acquisition Reserve Fund over a 25-year period from the annual operating budget of the Shelter, Support and Housing Administration division through a service agreement with the Red Door shelter (City of Toronto, 2015). This deal demonstrates a form of innovation and entrepreneurialism internal to the city government to find a creative solution for the shelter division to access city funds above their regular annual capital allotment to deliver the shelter project.

Finally, the presence of the Red Door shelter nonprofit with its deep roots in the community and strong reputation enabled the undertaking of a fundraising campaign to raise C\$3 million to augment public funding for the project. Importantly, the unique mixed-use aspect of the project created a special appeal to major philanthropic donors, in addition to the opportunity to support a shelter for a deserving constituency of the homeless population. As a prominent member of the Red Door shelter capital campaign committee explains:

What is unique, and critical to my involvement and my family’s involvement as philanthropists, is that it’s going to be integrated into a for-market condo and it isn’t going to be displaced to some far reaching municipality like Etobicoke, where it doesn’t serve the needs simply because somebody decided let’s push it out, and find a less expensive, marginal location. (Interview, 2016)

The Red Door shelter project highlights how the partnership model of mixed-use development can augment but does not replace the need for substantial public funds for critical social services. It also demonstrates how creativity and entrepreneurship are required not only in structuring the public-private arrangement but also in the way in which funds and collaborations are leveraged to make innovative partnerships financially viable.

### **Risk**

Risk provides a different lens through which to view the Red Door redevelopment project. The redevelopment of the site as a joint development building combining upscale condominium units and a homeless shelter creates an approach to share and mitigate risks between the partners, while also producing a unique set of risks. For the developer, the Red Door shelter project is far more risky than redeveloping a standard single-use condominium project. Due to the novelty of the combination of land uses in the building, the developer perceived that he bore considerably higher risk on the ability to sell the units. The shelter space itself is more technically complicated and lengthy to build because of the nonstandard building form, creating construction risk. And political risk and potential for delays is created for the developer by engaging in a high-profile project that involves multiple stakeholders: numerous departments of the city, the local city councilor, a nonprofit social service agency, and a deeply engaged community. The result is that the project was more difficult for the developer to finance from investors, and he reports not bringing an equity partner on for the project and instead bearing all of the financial risk himself.

Part of the strategy to mitigate the financial risk for the developer was to structure the partnership deal with the city as the covenant holder for the shelter space rather than creating an arrangement directly with the Red Door shelter nonprofit organization. The city has the technical expertise to be an informed partner when negotiating a deal with the developer and the financial resources to carry out a complex partnership arrangement. It also avoided conflicts that may have otherwise arisen with the surrounding community and the local city councilor about removing a valued social service provider in the area.

For the city, structuring their partnership arrangement directly with Harhay Developers as an owner of the shelter portion of the building rather than providing a loan to the Red Door shelter was a strategy to mitigate their financial risk from participating in the project. As the city's chief financial officer explains, "When we looked at all the options, the structure that mitigates our risk the most is to actually own it, because now we're just dealing with an operating contract" (Interview, 2016). If the Red Door shelter organization runs into financial or operational difficulties, the city could replace them without requiring complex legal remedies to resolve the ownership of the building. Additionally, a central benefit of the development partnership arrangement is that it transfers the risk of construction cost overruns to Harhay Developments, an area where the city has had significant challenges on building projects in the past.

For the Red Door shelter, the involvement of the city in the project brought a level of financial and legal expertise to manage project risks, following an initial deal with an unscrupulous developer that nearly cost the shelter their site. This is not expertise that is commonly held within a nonprofit social service provider and can be expensive to hire from external professionals on an ongoing basis. With the city taking a lead in negotiating the terms of the deal in the second iteration of the project, the Red Door shelter received management support by an experienced sponsor to ensure that the partnership deal was providing mutual benefit.

### **People matter**

Finally, the case of the Red Door shelter highlights how individual personalities and character matter when advancing novel, mixed-use projects that have significant risks. It is undeniable that in broad strokes, each stakeholder has a set of predictable objectives—whether recovering as much investor

money as possible for the court-appointed receiver, maximizing profits for the developer, getting reelected for the city councilor, providing social services on a tight budget for the shelter, or protecting the local property prices and neighborhood feel for the surrounding community. Nevertheless, within this web of self-interest, some organizations, and some individuals within organizations, are more inclined than others to take risks and seek mutually beneficial deals that support the advancement of a just city.

In the case of the Red Door shelter, the receiver appointed by the court to manage the sale of the church property was both a professional court officer *and* an individual who in his private life served as a volunteer board member of a significant social service agency in Toronto. These dual experiences made him especially sensitive to finding a financial deal that would preserve the shelter. As the receiver explained in our interview, “The outcomes that were achieved, I just wonder to what extent they were a function of my collective experience” (Interview, 2016).

For the developer, the advocacy of the local city councilor played a central role in raising their awareness about the risk to the shelter and the need to find a resolution that would retain the facility in the neighborhood:

We really came face to face with the challenge of the Red Door shelter when we met the councilor at a certain point and she said, you know, I’m very concerned with the future of this shelter. Anything you do with this property needs to be addressed in terms of the shelter first and then the development second. And so she was a big proponent of the shelter and a big protector of the shelter. (Interview, 2016)

Once they became aware of the circumstances faced by the Red Door shelter, the private developer who purchased the property out of receivership articulated broad support for the mandate of the shelter and had an open mind to experiment with a unique approach to keep the shelter on site in a new development. Harhay Developers is a mid-sized, family-run development company. The firm saw the Red Door shelter project as an opportunity to make money from the development, though it is likely a lower return and with more risk than a conventional single-use residential development. They also saw the Red Door shelter project as a chance to assist families in need, burnish their reputation as a socially conscious developer, and leave a legacy of effective city building.

City staff was also moved from their initial opposition to providing financial support for the shelter toward a position of becoming a central partner in the partnership with the developer and providing substantial funding for the building. This was achieved by the persistent efforts of the local city councilor to lobby city staff and the Toronto City Council on behalf of the Red Door shelter, which was supported by the overwhelming community backing through the Save the Red Door Shelter campaign. Again, this was a fairly unique circumstance. Whereas city councilors and community groups across Toronto commonly mobilize to keep social services such as homeless shelters out of their neighborhood, in this case the Red Door shelter was embraced locally, in no small part because of the quality service and longstanding community relationships developed by the shelter staff. Additionally, as many of the stakeholders in the project acknowledge, community support for the Red Door shelter was enabled by the fact that it provides services to a clientele of women, children, and families. This clientele is widely accepted as a population worthy of social support, and the Red Door shelter provider has a strong reputation within the neighborhood.

Lastly, the city appointed a single staff person as the lead to coordinate the project across the multiple internal departments such as finance, planning, and social services, which may have differing objectives but would be required to collaborate to bring to fruition such a unique project. The staff person chosen was specifically selected because he had extensive experience as a senior political staffer and a senior bureaucrat, with longstanding relationships in both camps. His appointment was approved by a powerful deputy city manager and publicly supported by the local city councilor. He thus saw his role as “being the liaison between the bureaucracy and the political face,” providing the strategic management “that is across clusters and across divisions and is more entrepreneurial and business in its approach” (Interview, 2016). Based on his senior stature within the city and the high-level organizational support he received, this individual was empowered to serve not only as a central point of contact

for the project but also as a fixer who could use his extensive relationships to quickly address problems as they arose. In sum, one key to realizing the Red Door shelter redevelopment project was the confluence of individuals involved and empowering them within their organizations to take a risk with an experimental partnership that meets the needs of the multiple stakeholders.

## Conclusions

The Red Door shelter is a unique example of an innovative partnership to provide space for a critical social service facility in a neighborhood that is experiencing a rapid transformation. The experience with the Red Door shelter illustrates the political spaces and planning possibilities that can be opened up through deep, meaningful partnerships between the public, private, and nongovernmental sectors. By working toward a collaborative advantage, partnerships have the potential to spur the realization of more equitable outcomes than any of the partners could have realized on their own under the circumstances. The Red Door shelter redevelopment sets out a model whereby partnerships with the private sector can be used to provide hard-to-site social services with a place to call home, delivering a site-specific-level approach to enable development activity to occur without necessarily spurring displacement.

The case study points to three key insights for realizing unique urban development partnerships that include social service providers, in a context where such path-breaking collaborations are rarely the first choice of any of the partners involved. First, there is a need for a strong political champion that has the capacity to bring people together from diverse organizations and promote the mutual benefits of a collaborative undertaking. Second, complex municipal bureaucracies require a single senior staff person to take responsibility for innovative partnership projects. This point person can lead the coordination of policy implementation across various departments and have the stature to quickly resolve problems at a high organizational level. Third, in addition to providing high-quality social services, service providers benefit from being deeply rooted in their local community. Building strong external relationships with facility neighbors, local businesses, and institutions has the potential to challenge unwarranted stigmas about service users where they exist and creates community allies who will advocate on behalf of the service provider to make them part of any urban redevelopment plans.

To be certain, the partnership approach is not a panacea for providing critical social services. Such partnerships do not generate sufficient new private or philanthropic money for critical social infrastructure that would alleviate the need for major public investment, nor do they redress structural income, gender, or racial inequalities within society. Moreover, they do not reverse the broader patterns and impacts of neighborhood gentrification and change, and they are unlikely to be viable for the most difficult to locate social services. The redeveloped Red Door shelter will provide a residence space for low-income, vulnerable women and families to remain on an emergency basis in a neighborhood that is growing more expensive. Yet the influx of new upscale shops and services creates a community environment where low-income residents may not feel truly at home, without the local services such as an affordable grocery store or other shops to fulfill their daily needs (Shaw & Hagemans, 2015).

Indeed, planners cannot overlook the broader urban context in which these innovative, mixed-use facilities that blend social services and luxury condominiums are located. The Red Door shelter project demonstrates that public-private partnerships can create site-specific spaces for some important but hard-to-locate social services to be provided. Development without displacement requires that equity and inclusiveness be viewed at a broader scale so that all residents of a neighborhood can have their daily needs met locally and feel welcome within their surrounding community.

## Conflict of interest

I have donated \$100 to the Red Door shelter nonprofit organization. This donation was made before I identified and began researching this case study.



## About the author

**Matti Siemiatycki** is Associate Professor of Geography and Planning at the University of Toronto. His teaching and research focuses on infrastructure planning, financing, and project delivery.

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