CREATE TO

REPORT FOR ACTION

HOUSING NOW INITIATIVE

Date: February 7, 2019
To: Board of Directors, CreateTO
From: Don Logie, Senior Vice President, Development
Wards: All

SUMMARY

On January 31, 2019, City Council approved a signature affordable housing initiative, "Housing Now," to leverage City-owned land for the purpose of creating new mixed-use, mixed-income communities. Through the initiative, 11 properties were identified for development, which are expected to result in a total of 10,000 new residential units. City Council set development targets for these properties of at least one-third affordable rental, one-third market rental, and no more than one-third ownership housing.

In order to implement the Housing Now, CreateTO will be working in collaboration with City partners to undertake and complete due diligence analysis, concept plans, public engagement, necessary planning approvals, and, pending Board and executive approval, a market offering process for the 11 properties.

A City-wide working team has been established to coordinate Housing Now including the Director, Affordable Housing Office, CreateTO, City Planning, Real Estate Services and, once established, a new Housing Secretariat responsible for overseeing all aspects of the initiative. Don Logie, Senior Vice-President, Development has been designated as the CreateTO lead for the initiative.

City and CreateTO staff will report to the CreateTO Board of Directors on business cases and the proposed offering process prior to bringing the properties to the market and terms of the proposed sale/lease agreements with the successful proponent(s) (refer to the Organizational Structure Diagram included as Attachment 1 to this report).

The expectation is to complete due diligence, rezoning and bring the first four properties to market by the end of 2019, with the remaining properties to follow in 2020 and 2021.

RECOMMENDATIONS

The Senior Vice President, Development recommends that the Board of Directors receive this report for information.

FINANCIAL IMPACT

Land Values

Land value will be determined by the market response to the offering and Council-directed Housing Now program criteria on a site by site basis, including rental and affordability targets, retained public ownership through long-term leases and other City building objectives impacting density and use.

CreateTO staff will undertake due diligence and financial analysis to determine projected land values for the 11 properties, taking into account program objectives and criteria and market intelligence (e.g., market rents and absorption rates).

Land value contribution will be determined in the business case process and costs of any additional city building needs may be funded by land value. It is expected that other city building priorities identified on the 11 properties by City divisions and agencies will be reviewed and approved through the City's budget process.

CreateTO Program and Staffing Costs

The anticipated cost to CreateTO for due diligence analysis, pre-development and marketing for the 11 properties is approximately $12.4 million over four years. The consultants will be procured through Build Toronto Inc. In addition, CreateTO will be hiring two new staff members in the development team to create additional capacity, to effectively support the Housing Now implementation (Director and Manager) at an estimated cost of $390,000 annually. The two staff will work alongside existing CreateTO staff to ensure the efficient execution and delivery of the Housing Now properties.

CreateTO's Housing Now program-related service and staffing costs are being funded through the City's Affordable Housing Reserve Fund and will be recovered through a service agreement to be executed with the City.

DECISION HISTORY

On December 13, 2018, City Council adopted the Housing Now Initiative by approving the activation of the 11 sites for the development of affordable housing as part of creating mixed-income, mixed-use and transit oriented communities.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.3

On January 31, 2019, Council approved an action plan, resources and program requirements for the Housing Now initiative.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX1.1

COMMENTS

Roles and Responsibilities of CreateTO Staff Team

The Housing Now Initiative is a significant undertaking by CreateTO and the City. In order to best achieve Council's objectives for the program and advance the properties to the market as quickly as possible, the City and CreateTO team will work in a cooperative and responsive manner, with the support of the resources identified in the January report to Council.

For all Housing Now properties, CreateTO staff, in collaboration with the Affordable Housing Office and the Housing Secretariat, will be responsible for completing a business plan and full due diligence including title, environmental and geotechnical conditions, servicing and transportation capacities and requirements, market conditions and, in conjunction with the Housing Secretariat, Real Estate Services and City Planning, obtaining the surplus declaration and transfer to CreateTO (where required) and identifying the optimum built form, public realm, mix of tenure and other public services or facilities to be included on the property.

In addition to the development leads on each property, the CreateTO team will include experts in legal, environmental, planning, communications, financial analysis, customer relations and asset management.

Roles and Responsibilities of the Board

The roles of the CreateTO Board are to (i) provide general governance support to the Housing Now Initiative and (ii) review and approve business and marketing plans and negotiated transactions for the 11 properties, in conjunction with the Executive Director, Housing Secretariat. In order to support the Board in this capacity, staff will providing a standing update on the program at each CreateTO Board meeting.

City and CreateTO will report to the CreateTO Board at two key milestones for each property:

- *Prior to the market offering process* - CreateTO Board will review for approval the business case and proposed market offering process.

- *Prior to finalizing sale/lease agreements* - CreateTO Board will review for approval the terms and conditions of the proposed sale/lease agreements with the successful proponent(s).

Work Plan for CreateTO

The 11 properties will be advanced to the market in two to three phases, depending on expected market absorption.

Four properties - 777 Victoria Park, 50 Wilson Heights, Bloor/Kipling (Block 1) and 140 Merton Street - have been identified to be released in the first phase, with a market offering and sale targeted by the end of 2019 (refer to the Housing Now Property Summary Table included as Attachment 2 to this report for schedules for individual properties).

Work on the remaining seven properties will commence in 2019 Q3, with market offering targeted for 2020 Q2. The remaining blocks at Bloor/Kipling will be brought out as market absorption permits.

The 2019 work plan for Housing Now is as follows:

Activity	**Date**	**Lead (Support)**
Program criteria & outreach • Councillor, sector and public engagement • Confirm financing approach with CMHC	2019 Q1 to 2019 Q2	Affordable Housing Office (CreateTO)
Due diligence & business cases for properties • Financial analysis, title search, geotechnical, massing and design, transportation, servicing, etc. • Market sounding (including non-profit providers)	2019 Q1 to 2019 Q2	CreateTO (AHO / Planning)
Advance planning approvals for properties • OPA, ZBA, Draft Plan of Subdivision, as necessary	2019 Q1 to 2019 Q4	City Planning (CreateTO)
Approve business cases for properties	2019 Q3	Housing Secretariat, CFO / Treasurer, DCM and CreateTO Board
Initiate market offering process	Targeted for September 2019	CreateTO (AHO)
Select and finalize agreement with successful proponent(s)	2019 Q4	CreateTO (AHO)
Approve sale/lease agreements	2020 Q1	Housing Secretariat, CFO / Treasurer, DCM and CreateTO Board

Achieving the Housing Now Objectives

Expediting and Providing Planning Certainty

In advance of the public market offering process, City staff will develop key principles and guidelines for development on each site and, where appropriate, initiate Official Plan and Zoning By-law amendments. This work will establish a development-ready, contextually appropriate development concept and advance projects through key stages of the approval process, providing the selected development partners with greater certainty and an expedited route to construction and occupancy.

Supporting Affordable Housing Development and Deeper Levels of Affordability

City Council requested that four sites identified in the Housing Now initiative to be owned and operated by the not-for-profit and/or co-operative housing sectors, with enhanced consideration given to them on all 11 properties for ownership and/or operation of affordable units through partnership in the development or as recipients of a transfer of the affordable units.

City Council also requested that as part of the market offering greater consideration be provided to proposals that include more affordable rental homes and deeper affordability levels. Other requests from City Council such as inclusion of supportive housing will be included in the evaluation process.

CONTACT

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SIGNATURE

Don Logie
Senior Vice President, Development

ATTACHMENTS

Attachment 1: Housing Now Organizational Structure Diagram
Attachment 2: Housing Now Property Summary Table

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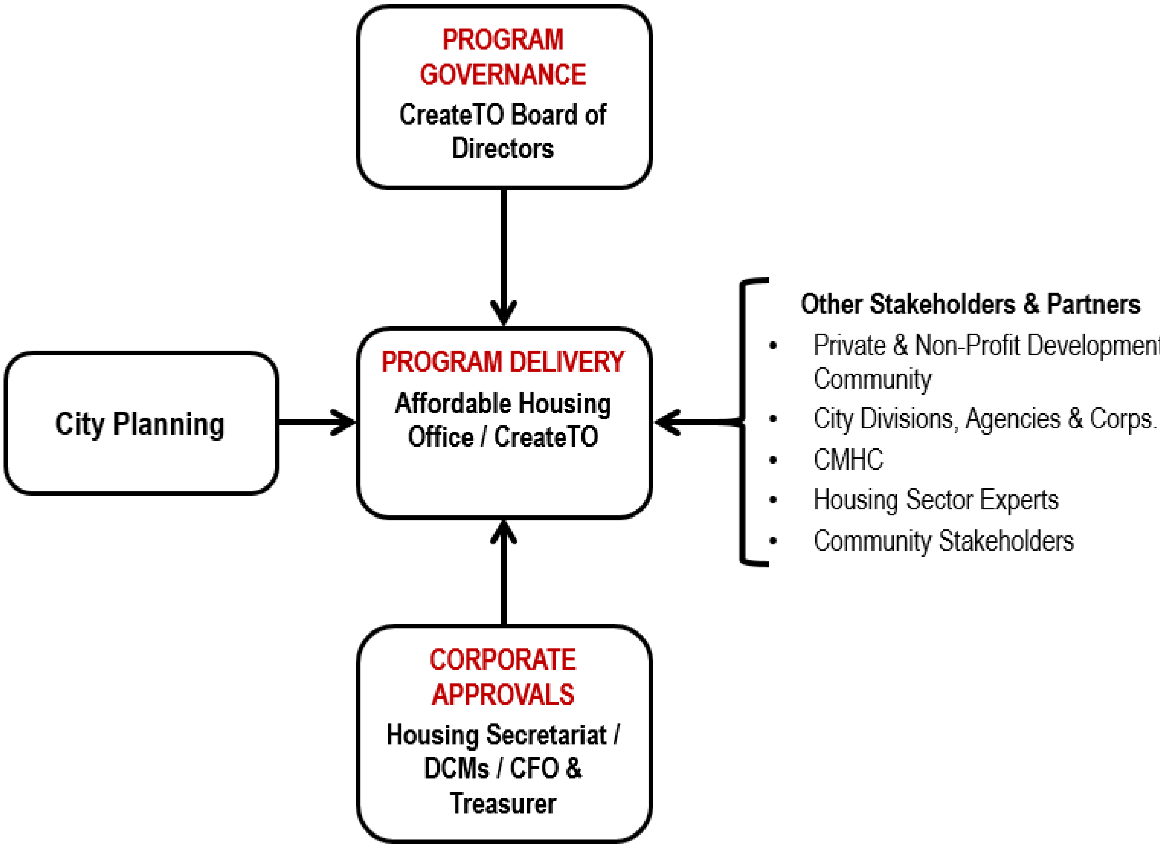

Attachment 2: Housing Now Property Summary Table

Address	Targets			Timelines			
	Total Units	**Total Rental (% of total units)**	**Afford. Rental (% of total units)**	**Stage 1 Business Case**	**Stage 2 Market Offering / Sale**	**Stage 3 Construction Start**	**Move In**
777 Victoria Park*	450	450 (100%)	225 (50%)	Q2 2019	Q4 2019	2020	2022
50 Wilson Heights	1,150	771 (67%)	385 (33%)	Q2 2019	Q4 2019	2020	2022
Bloor/Kipling (Block 1)*[1]	2,300	1,541 (67%)	771 (34%)	Q2 2019	Q4 2019	2020	2022
140 Merton Street*	150	150 (100%)	75 (50%)	Q2 2019	Q4 2019	2020	2022
705 Warden Ave	450	450 (100%)	225 (50%)	Q4 2019	2020	2021	2023
1250 Eglinton Ave W*	70	70 (100%)	35 (50%)	Q4 2019	2020	2021	2023
805 Don Mills	988	662 (67%)	331 (34%)	Q4 2019	2020	2021	2023
770 Don Mills	1,389	931 (67%)	465 (33%)	Q4 2019	2020	2021	2023
Bloor/Islington	1,250	838 (67%)	419 (34%)	Q4 2019	2020	2022	2024
251 Esther Shiner**	1,800	1,206 (67%)	603 (34%)	2020	2021	2022	2024
3933 Keele Street**	190	190 (100%)	95 (50%)	2020	2021	2022	2024
TOTAL	**10,187**	**7,258 (71%)**	**3,629 (36%)**				

*Declared surplus for Turnover

**Surplus process pending or in progress

[1] Additional blocks to be completed with construction start in 2026 and completion in 2028