CREATE TO

REPORT FOR ACTION

Housing Now Initiative

Date: April 29, 2019
To: Board of Directors, CreateTO
From: Chief Executive Officer
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, transit-oriented communities. Through the initiative, 11 properties were identified for development, which are expected to result in a total of approximately 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.

The Housing Now initiative is coordinated through a steering committee comprised of senior staff from the Affordable Housing Office (AHO), City Planning and CreateTO.

The first four properties deemed most ready for market offering this fall by the Steering Committee are: 140 Merton St., 777 Victoria Park Ave, 705 Warden Ave., and 50 Wilson Heights Blvd. One or more brokers of record will be retained by June 2019 to support the marketing of the first four sites. The remainder will be marketed in the following two to three years.

The Steering Committee, spearheaded by the Director, Affordable Housing Office, has engaged with Canada Mortgage and Housing Corporation ("CMHC") to ensure their participation through a range of funding and financing programs. In a February letter to Mayor Tory, the CMHC's President confirmed their support and interest in partnering with the City of Toronto in implementing the Housing Now Initiative.

In collaboration with City staff, CreateTO has retained multi-disciplinary consultant teams for each of the four priority properties to support due diligence work and the City-initiated rezoning process. Our team is presently organizing the first round of public meetings for each site with input from the local Councillors. These meetings will introduce the Housing Now initiative and begin to solicit stakeholder input on development concepts for each site.

The Affordable Housing Office is coordinating the involvement of non-profit housing organizations in the Housing Now Initiative. An introductory meeting was held on February 13, 2019 with a number of non-profit organizations to explore various approaches for the involvement and participation of non-profit and co-operative housing organizations in the 11 sites. This year, 140 Merton will be exclusively offered to non-profit housing organizations. The other three sites offered in 2019 will also provide for non-profit participation. The Affordable Housing Office will continue to work with the non-profit sector to activate the Non-Profit Housing Capacity Fund established through the Housing Now Initiative.

CreateTO staff have engaged City divisions and agencies to clarify city-building opportunities to pursue on the properties, in addition to affordable housing. Environmental/geotechnical investigations and approval processes are underway. Draft market research reports (which provide market rents and sales prices and absorption rates for each of the sites) have been received for the four priority properties. This data along with approved densities and height will inform our business cases. The business cases and proposed marketing programs are to be submitted to the Board in September for approval.

City and CreateTO staff 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).

RECOMMENDATIONS

The Chief Executive Officer recommends that the Board of Directors receive this report for information.

FINANCIAL IMPACT

Land Values

CreateTO will continue to provide a value to the City through activating its surplus lands for housing. CreateTO is currently in the process of identifying additional sites for inclusion in the Housing Now Initiative. Through a residual value analysis we will determine the reduction in land value caused by the affordable rents. As part of the business case we will determine sources of funds (e.g. Open Door Program, CMHC funding and financing initiatives, and land value) to support the outcomes of the Housing Now Initiative and compensate for this reduction.

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. CreateTO has submitted a 2019 expenditure plan to the Affordable Housing Office including $5.6 million in due diligence.

In addition, CreateTO has hired a Development Director and is recruiting a Development Manager to create additional capacity, to effectively support the Housing Now implementation at an estimated cost of $390,000 annually ($260,000 in 2019). These costs will be recovered from the Affordable Housing Office consistent with Council approval.

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

The 2019 work plan for Housing Now for the first four properties 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)

Activity	Date	Lead (Support)
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 Q3	CreateTO (AHO / City Planning)
Advance planning approvals for properties • Official Plan Amendment (OPA), Zoning By-law Amendment (ZBA), Draft Plan of Subdivision, as necessary	2019 Q1 to 2019 Q4	City Planning (CreateTO)
Approve business cases for properties	2019 Q3	Housing Secretariat, Chief Financial Officer / Treasurer, Deputy City Manager and CreateTO Board
Initiate market offering process	Targeted for October 2019	CreateTO (AHO)
Select and finalize agreement with successful proponent(s)	2019 Q4	CreateTO (AHO)
Approve sale/lease agreements	2020 Q1	Housing Secretariat, Chief Financial Officer / Treasurer, Deputy City Manager and CreateTO Board

Work on the remaining seven properties is ongoing. CreateTO submitted a development application in 2018 for the properties at 770 and 805 Don Mills Road, which is presently under review. Preliminary planning and due diligence work is underway on the remaining properties, with consultation planned to start in 2019 Q3 onwards and market offering to begin in 2020 Q2.

CONTACT

Don Logie, Senior Vice President, Development, (416) 981-2896, dlogie@createto.ca

SIGNATURE

Brian Johnston
Chief Executive Officer

ATTACHMENTS

Attachment 1: Housing Now Property Summary Table

Attachment 1: 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%)	Q3 2019	Q1 2020	2020	2024
50 Wilson Heights	1,150	771 (67%)	385 (33%)	Q3 2019	Q1 2020	2020	2024
Bloor/Kipling (Block 1)*[1]	2,300	1,541 (67%)	771 (34%)	Q4 2020	Q2 2020	2020	2024
140 Merton Street*	150	150 (100%)	75 (50%)	Q3 2019	Q1 2020	2020	2024
705 Warden Ave	450	450 (100%)	225 (50%)	Q3 2019	Q1 2020	2021	2025
1250 Eglinton Ave W*	70	70 (100%)	35 (50%)	Q4 2019	2020	2021	2025
805 Don Mills	988	662 (67%)	331 (34%)	Q4 2019	2020	2021	2025
770 Don Mills	1,389	931 (67%)	465 (33%)	Q4 2019	2020	2021	2025
Bloor/Islington	1,250	838 (67%)	419 (34%)	2020	2020	2022	2026
251 Esther Shiner**	1,800	1,206 (67%)	603 (34%)	2020	2021	2022	2026
3933 Keele Street**	190	190 (100%)	95 (50%)	2020	2021	2022	2026
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