

## Housing Now Update

**Date:** November 13, 2019

**To:** Board of Directors, CreateTO

**From:** Chief Executive Officer

**Wards:** Wards 6, 12 & 20

### SUMMARY

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On January 31, 2019, City Council approved a signature affordable housing initiative, "the Housing Now Initiative," 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, with the potential to create 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.

The Housing Now initiative is coordinated through a Steering Committee comprised of senior staff from the Housing Secretariat, City Planning and CreateTO. The first four properties deemed most ready for market offering by the Steering Committee are: 140 Merton St., 777 Victoria Park Ave, 705 Warden Ave., and 50 Wilson Heights Blvd.

On January 31, 2019 Council delegated approval of the business case, market offering process and proposed transaction for each property to the Deputy City Manager, Corporate Services and the Chief Financial Officer and Treasurer with the concurrence of the Executive Director, Housing Secretariat and the Board of Directors of CreateTO.

In September 2019 the CreateTO Board of Directors and the Deputy City Manager, Corporate Services and the Chief Financial Officer and Treasurer endorsed the business cases and market offering process for the first four properties and the establishment of a Reserve Account that will enable the City to capture any value generated from individual sites and cross-subsidize across the Housing Now portfolio.

On October 15, 2019 CBRE launched the marketing program for three of the properties and bids are requested for December 10, 2019. We expect to review and negotiate a winning bid in January 2020. The Housing Secretariat will launch the marketing program for the fourth property, 140 Merton, on November 15, 2019 with bids requested by mid-January, 2020. This selected bid would then be presented to the Board of Directors and Senior City leadership for approval.

City staff will present necessary official plan and zoning amendments and draft plans of subdivision related to the first four sites to the Planning and Housing Committee in November, December and January.

Work is proceeding on preparing the remaining seven sites for market offering later in 2020. The next set of Housing Now properties are being identified.

## **RECOMMENDATIONS**

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

## **FINANCIAL IMPACT**

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There is no additional financial impact on CreateTO. CreateTO's program administration is being performed through existing CreateTO resources. Due diligence, marketing and partial human resource costs are being recovered by CreateTO from the Housing Secretariat.

## **DECISION HISTORY**

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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>

On July 9, 2019, the CreateTO Board directed the Chief Executive Officer, CreateTO to include the following as part of the Housing Now business case:

- a. a summary of the results of the community consultation, with local councillor input;
- b. the planning context;
- c. context on City Building initiatives;
- d. a breakdown of levels of affordability and proposed terms of the transaction; and
- e. how the business case addresses maximum attainability of affordable units.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.RA7.4>

On September 24, 2019, the CreateTO Board of Directors adopted RA 8.2 "Housing Now Business Cases for 140 Merton Street, 50 Wilson Heights Boulevard, 705 Warden Avenue and 777 Victoria Park Avenue", which presented business cases and a recommended approach to the market offering process for the first four Housing Now properties.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.RA8.2>

## COMMENTS

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### **Progress Since the September 24, 2019 Board Meeting**

The business cases and marketing plan, and the establishment of a Reserve Account endorsed by the Board of Directors on September 24, 2019 were subsequently approved by the Deputy City Manager, Corporate Services and the Chief Financial Officer and Treasurer. The business cases were based on the development concepts outlined in Attachment 1.

In consultation with City Legal, City Real Estate, the Housing Secretariat and City Planning, key marketing documents and agreements were prepared including, for each property, a confidential investment memorandum, a land lease term sheet, a purchase and sale term sheet (only for 50 Wilson Heights) and specific design drawings and consultant studies. This information was put in the electronic data room in order that bidders would have access to all of the relevant property information including recommended built form and density, site development issues and market information.

On October 15, 2019, CBRE launched the marketing program for 50 Wilson Heights Boulevard, 705 Warden Avenue and 777 Victoria Park Avenue. The marketing included a launch breakfast event, an email blast to almost 2,000 development companies and not for profit organizations plus two weeks of advertisements in the Globe and Mail. This has been followed up by ongoing meetings and calls by the CBRE team. As of November 4, 2019, 49 corporations have signed up for access to the data room and we have only had 5 requests for clarifications. Answers to these requests are posted in the data room for all bidders to review.

The Canadian Mortgage and Housing Corporation ("CMHC") has been copied on all of the information and they have been given access to the data room, as they are a key partner in the Housing Now program.

The closing of the bids of the first three properties is slated for December 10, 2019; however an extension of the bid period has been requested. Bidders will be required to submit two bids. One bid must include CMHC financing and the second bid must include conventional financing (debt, equity and/or grants) without CMHC financing. The successful proponent will be required to demonstrate that they have the ability to execute on their financing plan

140 Merton Street. is being marketed by the Housing Secretariat and CreateTO is working with them to finalize all the documents for a launch on November 15, 2019, and Staff expect to invite bids for early to mid-January 2020.

The schedule and transaction terms being offered are summarized in Attachments 3 and 4. Note that planning approvals for 50 Wilson Heights has been delayed by one month.

## **Remaining Work on the First Four Properties**

Staff have identified a temporary location for SPRINT (which is currently at 140 Merton Street.) to occupy commencing in May 2020 until their new space is constructed and ready for occupancy and are negotiating the lease terms for the temporary location.

At 50 Wilson Heights we have engaged the TTC on the possibility of eliminating their current private bus access road from Wilson Heights and having the TTC buses access the station's bus terminal via the new public roads. This will permit the addition of another building and 300 more units on the site. It is expected that a decision will not be made until TTC has been able to review all the studies and as a result the zoning by-law submission to the Planning and Housing Committee has been delayed until January 2020.

## **Planning Approvals**

City Planning and other City divisions and commenting partners have reviewed two rounds of submissions for each of the four sites, including architectural plans and technical reports. Comments have already been received for the second submission made in September and October for all four properties, and final changes are being made.

The plans and reports prepared by CreateTO's consultants and staff's review have informed the preparation of staff reports presenting recommended Zoning By-law Amendments and Draft Plans of Subdivision. 777 Victoria Park's zoning by-law report will be considered by the Planning and Housing Committee on November 13, 2019. The reports for 705 Warden Avenue and 140 Merton Avenue will go to the Planning and Housing Committee on December 10, 2019 and for 50 Wilson Heights on January 22, 2020.

## **Community Engagement**

In June and September of this year, CreateTO and City staff led community meetings for the four priority sites. The community meetings functioned as open houses with presentations and question-and-answer sessions partway through the meeting. Staff presented and sought feedback on the preliminary development concept as well as the overall Housing Now Initiative. CreateTO's consultant team provided a summary of all feedback which is available online on the CreateTO website.

City and CreateTO staff conducted additional engagement activities in July and August to address questions raised by stakeholders and further publicized the Housing Now Initiative. These events included working groups and roundtables led by local Councillors. Attachment 2 summarizes the engagement program to date.

CreateTO and City staff will continue to engage with local City Councillors and community members in advance of the Planning and Housing Committee and City Council's consideration of recommended rezoning and throughout the marketing, site plan application and development processes.

## **Bid Selection Process**

When bids are received they will be evaluated and a shortlist created. Those bidders shortlisted will be interviewed to ensure they understand the requirements for each property and have included all costs and any required adjustments will be made before a final selection is made.

The Selection Committee will consist of CreateTO, the Housing Secretariat and City staff. Criteria for selection will include:

1. Experience in developing rental housing;
2. Experience in operating rental housing;
3. Strength of proposed partnerships with non-profit organizations;
4. Proposed level and depth of affordability;
5. Proposed financial and funding plan;
6. Demonstrated ability to execute financial close and complete the project on schedule.

Bidders will be incentivized to maximize affordability through the evaluation process. Maximizing affordability may include increasing the number of affordable units and/or providing deeper rent affordability. Consideration will also be given for proposals that include partnerships with non-profit operators. The ability for the bidder to target units to vulnerable populations requiring deeper levels of affordability (e.g. seniors, chronically homeless) will also be given consideration.

## **Progress on Remaining Properties**

With respect to Westwood Theatre lands at Bloor Street West and Kipling Avenue and the Bloor-Islington site, CreateTO has engaged the firms of Henning Larsen and Adamson Associates to prepare a master plan which will include a block plan and massing model, followed by the preparation of the drawings and studies required to support a City initiated Zoning By-law Amendment. These are expected to be submitted to City Planning in Q2 2020.

The properties at 770 and 805 Don Mills Road are proceeding through a regular rezoning and draft plan of subdivision process initiated by CreateTO in 2018. 770 Don Mills Road will be delayed until the requirements of the Ontario Line are confirmed but a resubmission for 805 Don Mills Road will be made by the end of the year. Staff are engaging with Metrolinx to confirm at the earliest possible time the Ontario Line real estate needs in order that CreateTO can bring these properties to market as soon as possible. Staff expects to bring these four properties to market in Q3 2020.

Work also proceeds on preparing the remaining three properties (1250 Eglinton Ave W, 3933 Keele St, and Oriole Yards at Leslie and Sheppard) of the 11 approved by Council. The Oriole Yards relocation study is expected to be completed in January 2020 after which planning for this property will commence.

CreateTO are now working with the Housing Secretariat and City Planning to evaluate and finalize the next list of Housing Now Properties.in order to present this list to Council for its consideration.

## **CONTACT**

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## **SIGNATURE**

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Brian Johnston  
Chief Executive Officer

## **ATTACHMENTS**

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Attachment 1: Housing Now Priority Sites Development Concepts (October 2019)

Attachment 2: Community Consultation Summary

Attachment 3: 2019 Four Priority Sites Timeline

Attachment 4: Transaction Terms

## Attachment 1: Housing Now Priority Sites Development Concepts (October 2019)

Development Concept	140 Merton Non-Profit Offering	777 Victoria Park	705 Warden	50 Wilson Heights*
<b>Height/Floor Space Index (FSI)</b>	18 storeys 4.4 FSI	Building A: 23 storeys Building B: 11 storeys 4.46 FSI	Building A: 7 storeys/2.93 FSI Building B: 8 storeys/2.87 FSI Building C: 18 storeys/3.93 FSI	Block 1 – 12 storeys Block 2 – 16 storeys (3 buildings) Block 3 – 11 storeys Block 4 – 2 storeys 3.52 FSI
<b>Total Units</b>	180 units	508 units	466 units	1,236 units
<b>Total Rental Units</b>	180 units	508 units	466 units	824 units
<b>Total Affordable Rental Units</b>	90 units	254 units	233 units	412 units
<b>Unit Mix Forecast</b>	1 bedroom: 144 units 2 bedroom: 36 units 3 bedroom: n/a	1 bedroom: 279 units 2 bedroom: 181 units 3 bedroom: 48 units	1 bedroom: 294 units 2 bedroom: 122 units 3 bedroom: 50 units	1 bedroom: 694 units 2 bedroom: 418 units 3 bedroom: 124 units
<b>Parking Stalls/Parking Levels</b>	45 parking stalls/1 level	230 parking stalls/2 levels	232 parking stalls/2 levels	681 parking stalls/2 levels
<b>Community Space GCA</b>	SPRINT: 13,347 ft <sup>2</sup> Additional Community Space: 10,072 ft <sup>2</sup>	Child Care Centre and Community Space: 17,374 ft <sup>2</sup>	Child Care Centre: 7,696 ft <sup>2</sup>	Child Care Centre and Community Space: 20,599 ft <sup>2</sup>
<b>Commercial Space GCA</b>	n/a	4,661 ft <sup>2</sup>	5,759 ft <sup>2</sup>	56,891 ft <sup>2</sup>
<b>Residential GCA</b>	165,989 ft <sup>2</sup>	365, 709 ft <sup>2</sup>	374,509 ft <sup>2</sup>	977,676 ft <sup>2</sup>

<b>Development Concept</b>	<b>140 Merton Non-Profit Offering</b>	<b>777 Victoria Park</b>	<b>705 Warden</b>	<b>50 Wilson Heights*</b>
<b>Non-Residential GCA</b>	23,418 ft <sup>2</sup>	22,035 ft <sup>2</sup>	13,455 ft <sup>2</sup>	77,490 ft <sup>2</sup>
<b>City-Building Highlights</b>	<ul style="list-style-type: none"> <li>- Affordable Rental Housing</li> <li>- Non-profit operated</li> <li>- New Community space</li> <li>- Heritage conservation</li> <li>- Midblock connection from Balliol Street to Beltline trail</li> <li>- 7 minute walk to Davisville Station</li> </ul>	<ul style="list-style-type: none"> <li>- Affordable Rental Housing</li> <li>- New Community Space</li> <li>- New child care center</li> <li>- Public realm improvements</li> <li>- 1 minute walk to Victoria Park Station</li> </ul>	<ul style="list-style-type: none"> <li>- Affordable Rental Housing</li> <li>- New Community space</li> <li>- New child care center</li> <li>- Expanded public park</li> <li>- 3 minute walk to Warden Station</li> </ul>	<ul style="list-style-type: none"> <li>- Affordable Rental Housing</li> <li>- New child care center</li> <li>- New public park- New community space</li> <li>- Transit Access: 2 minute walk to Wilson Station</li> </ul>
<b>Official Plan Land Use Designation</b>	Mixed Use Area	Mixed Use Area	Mixed Use & Apartment Neighbourhoods	Mixed Use & Other Open Space Areas
<b>Secondary Plan / Site and Area Specific Policy</b>	Yonge-Eglinton	n/a	Warden Woods	Tippett Road Area Regeneration Study

\*For 50 Wilson Heights, discussions are underway with the TTC regarding the future of the existing bus lane. The Development Concept will be further refined to reflect the outcome of these discussions.



## Attachment 2: Community Consultation Summary

Project Address / Meeting Type	Meeting Date	Meeting Location	Number of Attendees
<b>777 Victoria Park Ave.</b>			
Open House #1	June 10, 2019	Seicho-No-Ie Toronto Centre, 662 Victoria Park Ave.	125
Ward 19 Consultation	July 29, 2019	Maryland Park, 19 Maryland Blvd.	35
757 Victoria Park consultation	August 20, 2019	757 Victoria Park Ave.	50
Crescent Town Pop-Up	August 22, 2019	Crescent Town Club – 2A The Market Place	100
Ward 20 Roundtable	August 22, 2019	Warden Hilltop Community Centre, 25 Mendelssohn St.	40
Open House #2	September 9, 2019	Seicho-No-Ie Toronto Centre, 662 Victoria Park Ave.	225
<b>SUPPORT:</b> - Support and interest in living in an affordable housing unit - Include ownership units within the development - Incorporating commercial, retail and community uses - Improvements to pedestrian experience/safety		<b>CONCERNS:</b> - Loss of commuter parking on site - Limited school capacity in the area - Proposed building height and massing/tall building impacts - Infrastructure stress from increased population	
<b>50 Wilson Heights Blvd.</b>			
Open House #1	June 12, 2019	Beth David B'nai Israel Beth Am, 55 Yeomans Road	65
Parking Working Group	August 11, 2019	Beth David B'nai Israel Beth Am, 55 Yeomans Road	13

Project Address / Meeting Type	Meeting Date	Meeting Location	Number of Attendees
Open House #2	September 16, 2019	Church of the Resurrection, 1 Tippett Road	182
<b>SUPPORT:</b> - Deeply affordable and accessible housing - Designated space for youth programming - Incorporating commercial and retail uses - An accessible park and open space		<b>CONCERNS:</b> - Loss of commuter parking on site - Construction impacts within the community - Unsafe and busy road conditions - Limited school capacity in the area - Proposed building height and massing	
<b>705 Warden Ave.</b>			
Open House #1	June 13, 2019	Warden Hilltop Community Centre, 25 Mendelssohn St.	160
Ward 20 Roundtable	August 22, 2019	Warden Hilltop Community Centre, 25 Mendelssohn St.	40
Pop-Up Consultation	August 28, 2019	Warden Hilltop Community Centre, 25 Mendelssohn St.	40
Open House #2	September 12, 2019	Warden Hilltop Community Centre, 25 Mendelssohn St.	250
<b>SUPPORT:</b> - Some support and interest in affordable housing - Include ownership units within the development - Incorporating commercial, retail and community uses - Programing in the expanded park		<b>CONCERNS:</b> - Possible impacts on property values and crime in the area - Some opposition to the site's inclusion in Housing Now - Proposed building height and massing - Parking availability in the area (for the community centre) - Pedestrian and cycling safety - Lack of accessibility at Warden Station	

Project Address / Meeting Type	Meeting Date	Meeting Location	Number of Attendees
<b>140 Merton St.</b>			
Stakeholder Meeting	June 17, 2019	Northern District Library, 40 Orchard View Blvd.	20
Open House #1	June 20, 2019	North Toronto Memorial Community Centre, 200 Eglinton Ave. W.	54
Open House #2	September 10, 2019	Glebe Road United Church, 20 Glebe Road East	80
<b>SUPPORT:</b> <ul style="list-style-type: none"> <li>- Housing Now (overall initiative)</li> <li>- Proposed building height and massing</li> <li>- Seniors Rental and Community Space</li> <li>- Non-profit operator</li> <li>- Pedestrian connection to Mt. Pleasant Cemetery</li> <li>- Programing and celebrating a heritage building</li> <li>- Potential coffee shop or retail at grade</li> </ul>		<b>CONCERNS:</b> <ul style="list-style-type: none"> <li>- Affordability levels for Seniors on fixed incomes</li> <li>- Greater heights could yield more affordable units</li> <li>- Project feasibility for non-profits</li> <li>- Accessible units for disabled individuals</li> <li>- Unit Mix needs to be appropriate to non-profits</li> </ul>	

### Attachment 3: 2019 Four Priority Sites Timeline

Timeline						
Site	Business Case	Planning Approvals	Market Offering	Bid Review and Shortlisting, Negotiations and Transaction Closing	Site Plan Application	Construction Start
140 Merton	Q3 2019	Q4 2019	Q4 2019	Q1 2020	Q2 2020	Q4 2020
777 Victoria Park	Q3 2019	Q4 2019	Q4 2019	Q1 2020	Q2 2020	Q4 2020
705 Warden	Q3 2019	Q4 2019	Q4 2019	Q1 2020	Q2 2020	Q4 2020
50 Wilson Heights	Q3 2019	Q1 2020	Q4 2019	Q1 2020	Q2 2020	Q1 2021

#### Attachment 4: Transaction Terms

Transaction Terms	140 Merton Non-profit Offering	777 Victoria Park	705 Warden	50 Wilson Heights
<b>Affordable Rental Units</b>	Encourage bidders to target up to 100% affordable units.			Target 33% of residential unit count.
<b>Market Rental Units</b>	Residual of total residential unit count and number of affordable units.			Maximum 33% of residential unit count.
<b>Condo Ownership Units</b>	No ownership units.			Maximum 33% of residential unit count.
<b>Rent Level for Affordable Units</b>	Target average equal to 80% of City of Toronto Average Median Rent (AMR) annually.			
<b>Bedroom Mix</b>	Target as per Development Concept.			
<b>Community Space</b>				
<b>Commercial Space</b>				
<b>Parking</b>				
<b>Heritage Conservation</b>	Conserve heritage features.	Not applicable.		
<b>Unit Accessibility</b>	Per CMHC requirements.			
<b>Energy Efficiency</b>	Toronto Green Standard V3 Tier 2			
<b>Leasehold Term</b>	99 years			
<b>Target Head Lessee</b>	Non-profit operator.	To be determined.		
<b>Land Lease Payments</b>	Lease payment upfront or annual.			
<b>Land Lease Escalation</b>	To be negotiated.			

<b>Transaction Terms</b>	<b>140 Merton Non-profit Offering</b>	<b>777 Victoria Park</b>	<b>705 Warden</b>	<b>50 Wilson Heights</b>
<b>Land Sale (for Condo component)</b>	Not applicable.			Bidder to submit best offer on price per square foot of saleable GFA.
<b>Assignment/Sales</b>	Right to assign or sell with landlord (City) consent.			
<b>Building Condition</b>	Must maintain in state of good repair for entire term.			