



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Housing Now - Results of Marketing Process for 50 Wilson Heights Blvd, 705 Warden Ave. and 777 Victoria Park Ave.

Date: January 21, 2020
To: The Board of Directors of CreateTO
From: Chief Executive Officer
Wards: Wards 6, 12 and 20

REASON FOR CONFIDENTIAL INFORMATION

Confidential Attachment 1 to this report contains financial information supplied in confidence to the CreateTO which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a number of organizations and about a position and plan to be applied to negotiations carried on by or on behalf of the Board of Directors of CreateTO.

SUMMARY

This report provides an update on the results of the marketing process for 50 Wilson Heights Boulevard, 705 Warden Ave and 777 Victoria Park Avenue.

In October, CBRE, on behalf of the Housing Secretariat and CreateTO, launched a marketing process for the three (3) sites which culminated in bid submissions on December 10, 2019. Since then, the teams have analysed the bids, interviewed all bidders, asked for and received clarifications, scored them. Shortlisted bidders have been sent further questions due back on January 22, 2020.

A supplementary report will be submitted to the Board to provide further updates on this process.

The zoning by-law amendment for 777 Victoria Park has been approved and the draft plan conditions and zoning by-law amendments for 50 Wilson Heights and 705 Warden are expected to be submitted to the Planning and Housing Committee in February 2020.

RECOMMENDATIONS

The Chief Executive Officer recommends that:

1. The Board of Directors of CreateTO direct that Confidential Attachment 1 remain confidential in its entirety, as it contains financial information supplied in confidence to the CreateTO which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a number of organizations, and about a position and plan to be applied to negotiations carried on or to be carried on by or on behalf of the Board of Directors of CreateTO.

FINANCIAL IMPACT

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

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>

On November 25, 2019, the CreateTO Board received RA9.5 for information.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.RA9.5>

COMMENTS

50 Wilson Heights, 705 Warden and 777 Victoria Park

1. Status of Planning Applications

Final zoning by-laws have been approved for 777 Victoria Park and 140 Merton and zoning by-law and draft plan approvals for 50 Wilson Heights and 705 Warden are expected to go to Planning and Housing Committee in February 2020.

On July 5, 2019, the first Zoning By-law Amendment submission was made for 777 Victoria Park Avenue, and second submission of materials addressing City, external agencies and commenting bodies' comments was provided to the City on October 1, 2019. The final report and Zoning Bylaw Amendment was brought forward to Planning and Housing Committee on November 13, 2019 and adopted at City Council November 27, 2019. No appeals to the Local Planning Appeal Tribunal (LPAT) were filed and the Zoning Bylaw Amendment for 777 Victoria Park Avenue is now in full force and effect.

The first Zoning Bylaw Amendment submission was made for 140 Merton Street on July 5, 2019 and the second submission of materials addressing City, external agencies and commenting bodies' comments was provided to the City on September 6, 2019. The final reports dealing with the Zoning Bylaw Amendment and Alternations to Designated Heritage Property was brought forward to the Planning and Housing Committee on December 10, 2019 and adopted at City Council December 17, 2019. No appeals of the Zoning Bylaw Amendment to the LPAT were filed and the Zoning Bylaw Amendment for 140 Merton Street is now in full force and effect.

On July, 15, 2019, the first Zoning Bylaw Amendment and Draft Plan of Subdivision submissions were made for 50 Wilson Heights Boulevard and 705 Warden Avenue. The second submission of materials addressing City, external agencies and commenting bodies' comments was provided to the City on September 26, 2019 for 50 Wilson Heights Boulevard and October 22, 2019 for 705 Warden Avenue. The Zoning Bylaw Amendment and Draft Plan of Subdivision final reports and planning instruments for both properties are currently being reviewed by CreateTO Staff and are scheduled to be on the Planning and Housing Committee agenda for the February 12, 2020 meeting.

2. Offering Process

Through a competitive process, CBRE were retained in August 2019 as the Brokers to run a formal market offering process for the three Housing Now Sites.

On October 15, 2019 CBRE formally launched the marketing program for the sites to the development community and non-profit partners with a deadline to submit proposals by December 10, 2019. Emails blasts were sent out to 3,000 developers and a list of

non-profit organizations. Prior to the launch, a number of meetings were held with potential participants, both for-profit and non-profit, to familiarize them with the requirements.

A fairness monitor was retained by CreateTO at the onset of the selection process to ensure a fair and transparent selection process.

From the time bids were received on December 10, 2019 to date, all proposals were carefully evaluated by CreateTO staff, CBRE, the Housing Secretariat's office, under the review of the fairness monitor.

Proponents were formally requested to respond in writing on clarification items directly related to their proposals in December 2019 and all proponents were interviewed the first week of January 2020 to provide clarification and present their proposals in further detail.

A Selection Committee consisting of CreateTO staff and the Housing Secretariat's office then formally scored each of the proposals using an evaluation scoring matrix which was provided to all proponents outlining weighted criteria.

The scoring matrix and a summary of the bids and the resulting shortlist for each of the sites are provided in Confidential Attachment 1.

3. Next Steps

Short listed proponents for each of the three sites, identified using the scoring matrix, will be going in to a second round bidding process with negotiations and the selection of a winning proponent by the end of January 2020.

The second round bidding process will be evaluated based on the following factors of the proponent's proposals; Price, Certainty (to close and deliver the project), Experience, and other Housing Now considerations such as depth of affordability provided and strength of the not-for-profit partner.

A final report to the Board will follow at the conclusion of the process outlining details of each of the winning bids and further updates on next steps. A closeout report from the fairness monitor will also be provided summarizing the selection process. Subsequently, the Board recommendation will be submitted to the Chief Financial Officer and the Deputy City Manager Corporate for final approval.

Through Q1 2020 we will work with signing lease agreements and/or agreements of purchase and sale with the selected proponents concurrently with the winning proponents completing their due diligence.

The recommended proponents would then work on submitting their site plan applications and other required plans and reports to the City through the summer/fall of 2020 in order to obtain any remaining planning or other approvals required with the intent to commence construction by the end of 2020 or early 2021.

At the City Council meeting in November of 2019, a hold was put on releasing any further Requests for Proposals for Housing Now sites (including 140 Merton, which had previously been scheduled for release in December) until a further report to Council is received that investigates the feasibility of imposing rent controls on market tenants in new rental developments, where incentives from the City of Toronto are provided. Here is the approved recommendation:

"City Council request the City Manager to report to the January 22, 2020 meeting of the Planning and Housing Committee on requiring that landlords in new developments, where incentives from the City of Toronto have been provided, be prevented from increasing rents by more than the Guideline, as prescribed in Sec. 120 (1) of the Ontario Residential Tenancies Act, 2006, and that no further Requests for Proposals for Housing Now sites be issued until the report is received."

CreateTO is working with the Housing Secretariat on this report which is expected to go to Council in March.

The Housing Secretariat in partnership with CreateTO will launch the market offering process for future Housing Now sites following this report.

Next Eight Properties

Status of Due Diligence and Planning Applications

CreateTO is working with the City staff on completing due diligence, design concepts and planning applications on the next phase of the 11 Housing Now sites. 805 Don Mills is proceeding through a rezoning process and is expected to go to Community Council for approval in Q2 2020. We are completing a master plan exercise on Bloor and Kipling (Westwood) and Bloor and Islington in April 2020 when we will commence a zoning exercise. A robust set of three public meetings is planned for this work.

It is our intention that the three properties will be going to market in July 2020

770 Don Mills has been delayed for several years due to the planning work for the proposed Ontario Line. It would be our intention to work with Metrolinx and Infrastructure Ontario to finalize the subway location and be able to revise and complete our zoning application by mid-2024

We continue to refine the relocation strategy for Oriole Yards and have commenced planning and due diligence on 1250 Eglinton. 3933 Keele has been delayed until after 2023 the contractor is expected to complete the Finch West LRT.

A revised schedule showing the schedule for the 11 properties is attached as Attachment 1.

CONTACT

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

Valesa Faria, Director Housing Secretariat, City of Toronto, (416) 338-1143,
sean.gadon@toronto.ca

SIGNATURE

Brian Johnston
Chief Executive Officer

ATTACHMENTS

Attachment 1 - Housing Now Property Summary Table (January 17, 2020)
Confidential Attachment 1 - Summary of Bids and Scoring Matrix

ATTACHMENT 1 - Housing Now - Property Summary Table (January 17, 2020)

	Address	Total Units	Total Rental (% of total units)	Afford. Rental (% of total units)	Business Case	Market Offering	Zoning Approvals	Construction Start	First Occupancy	Notes
Phase 1	777 Victoria Park	508	508 (100%)	254 (50%)	Q3 2019	Q4 2019	Q4 2019	2021	2023	Proposals under review
	50 Wilson Heights	1,236	824 (67%)	412 (33%)	Q3 2019	Q4 2019	Q1 2020	2021	2024	Proposals under review
	705 Warden	466	466 (100%)	233 (50%)	Q3 2019	Q4 2019	Q1 2020	2021	2023	Proposals under review
	140 Merton Street*	180	180 (100%)	90 (50%)	Q3 2019	Q2 2020	Q4 2020	2021	2023	-
Phase 2	Bloor/Kipling (Blk 1) *	2,300	1,541 (67%)	771 (34%)	Q2 2020	Q3 2020	Q4 2020	2021	2024	-
	Bloor/Islington*	1,250	838 (67%)	419 (34%)	Q2 2020	Q3 2020	Q4 2020	2021	2024	-
	805 Don Mills*	988	662 (67%)	331 (34%)	Q2 2020	Q3 2020	Q4 2020	2021	2024	-
Phase 3	770 Don Mills*	1,389	931 (67%)	465 (33%)	Q4 2021	Q4 2021	Q4 2021	2023	2026	Subject to Ontario Line requirements
	1250 Eglinton Ave W*	70	70 (100%)	35 (50%)	Q4 2020	Q4 2020	Q4 2020	2021	2024	-
	251 Esther Shiner*	1,800	1,206 (67%)	603 (34%)	Q4 2020	2021	Q2 2021	2021	2024	-
	3933 Keele Street*	190	190 (100%)	95 (50%)	Q1 2022	2022	Q1 2022	2024	2026	Pending completion of LRT
	TOTAL	10,377	7,415 (71%)	3,708 (36%)						

*Properties subject to hold on market offering until “rent control” report considered by City Council:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM12.33>