



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Housing Now - Selection of Proponent for 705 Warden Avenue

Date: Nov 20, 2020

To: Board of Directors, CreateTO

From: Vice President, Development, CreateTO

Wards: 20

REASON FOR CONFIDENTIAL INFORMATION

The confidential attachment to this report deals with a proposed or pending acquisition or disposition of land by the Board of Directors of CreateTO and the City.

The confidential attachment to this report relates to a position, plan or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the Board of Directors of CreateTO.

SUMMARY

This report provides an update on the market offering held for 705 Warden Ave.

On Aug 10, 2020 CBRE, on behalf of the Housing Secretariat and CreateTO, launched a marketing process for 705 Warden Ave. Bids were received on Oct 7, 2020. Under the direction of a fairness monitor, bids were reviewed, scored, and shortlisted. The selection process concluded with the determination of a final bidder. CreateTO negotiated a term sheet with the selected bidder which is the subject of this report.

RECOMMENDATIONS

The Vice President, Development recommends that the Board of Directors:

1. Approve the recommended proponents identified in Confidential Attachment 1, for the development of the Housing Now project at 705 Warden Avenue.
2. Direct the Interim Chief Executive Officer, CreateTO, in collaboration with the Executive Director, Housing Secretariat and the City Solicitor, to negotiate transaction agreements, including a ground lease, project agreement and contribution agreement,

and such other documents as may be necessary to finalize the arrangements with the proponents for 705 Warden Avenue (the "Agreements"), substantially on the terms set out in Confidential Attachment 3, and such other terms and conditions deemed appropriate by the Interim Chief Executive Officer, CreateTO and the City Solicitor, subject to the necessary City of Toronto approvals.

3. Direct the Interim Chief Executive Officer to report back to the Board of Directors when management has settled the Agreements with the proponent for approval of the Agreements.

4. Direct that the identity of the final selected proponent be made public after the Agreements are executed, at the discretion of the Interim Chief Executive Officer.

5. Direct that the remainder of the information in Confidential Attachments 1, 2 and 3 remain confidential as they relate to a proposed or pending disposition of land by the Board of Directors of CreateTO and the City and a 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.

DECISION HISTORY

On December 13, 2018, City Council adopted CC1.3 "Housing Now", which approved the activation of 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 30 and 31, 2019, City Council adopted EX1.1 "Implementing the "Housing Now" Initiative". This report provided recommendations on the organizational structure and processes to deliver the Housing Now Initiative, the proposed affordable housing program and the overall financial implications of the program.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX1.1>

On July 9, 2019, the CreateTO Board of Directors adopted RA7.4 "Housing Now Initiative", directing Management to include the following as part of Housing Now business cases:

- 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 RA8.2 "Housing Now Business Cases for 140 Merton Street, 50 Wilson Heights Boulevard, 705 Warden Avenue and 777 Victoria Park Avenue", endorsing the business cases as presented, and directed CreateTO management to proceed to market with the first four sites in the fourth quarter of 2019.

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

On January 27, 2020, the CreateTO Board of Directors adopted RA10.2 "Housing Now - Results of Marketing Process for 50 Wilson Heights Boulevard, 705 Warden Avenue and 777 Victoria Park Avenue", directing the Chief Executive Officer, CreateTO to report back to the Board of Directors of CreateTO regarding 705 Warden Avenue.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.RA10.2>

On February 12, 2020, the Planning and Housing Committee deferred PH13.2 "Housing Now - 705 Warden Avenue - Zoning Amendment and Draft Plan of Subdivision - Final Report", adjourning the statutory public meeting under the Planning Act for the Zoning By-law Amendment and Draft Plan of Subdivision for a portion of 705 Warden Avenue until June 11, 2020.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH13.2>

On June 15, 2020, the Planning and Housing Committee adopted PH14.2 "Housing Now - 705 Warden Avenue - Zoning Amendment and Draft Plan of Subdivision - Final Report", recommending that City Council amend the Zoning By-law, be advised of the intention to approve the Draft Plan of Subdivision and to engage City partners and the development partner to advance the detail design of Development Requirements.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH14.2>

On June 29, 2020, City Council adopted PH14.2 "Housing Now - 705 Warden Avenue - Zoning Amendment and Draft Plan of Subdivision - Final Report", approving the Zoning By-law Amendment, approval of the Draft Plan of Subdivision and to engage City partners and the development partner to advance the detail design of Development Requirements and to secure the delivery of the development requirements on terms, including details and timing, in a Lease Agreement with the development partner.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH14.2>

On July 23, 2020, the CreateTO Board of Directors adopted RA14.5 "Housing Now - Business Case Update for 705 Warden Avenue", endorsing the revised business case for 705 Warden Avenue, and authorizing the marketing of 705 Warden Avenue in the third quarter of 2020, including entering into agreements conditional on approval by relevant City Authorities and including limitations on annual rent increases of Provincial Guideline plus 2 percent.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.RA14.5>

COMMENTS

Through a competitive process, CBRE was retained in August 2019 as the Brokers to run a formal market offering process for the Housing Now sites located at 777 Victoria Park Avenue, 50 Wilson Heights Boulevard and 705 Warden Avenue. On October 15, 2019 CBRE formally launched a marketing program for the above mentioned sites to

the development community and non-profit partners. A final proponent was not selected for 705 Warden Ave.

In February 2020, the City's Planning and Housing Committee ("PHC") considered a Final Report on the 705 Warden Housing Now site. PHC requested revisions to the development concept with the objective of providing additional housing opportunities on the site. In response to PHC's request, City staff and CreateTO prepared an updated development concept, which include up to 600 residential units, an increase of 100 residential units from what was originally proposed. Of the potential 600 units, a minimum of 250 must be affordable rental residential units. A Supplementary Report on this updated development concept was considered and adopted by the Planning and Housing Committee at its meeting on June 15, 2020. City Council (June 29, 2020) adopted the proposed Zoning By-law Amendment and intention to approve the Draft Plan of Subdivision.

On August 10, 2020 based on the revised development concept, CBRE launched a market offering for 705 Warden Avenue to the private and non-profit real estate development community. Email blasts were sent out to 3,000 contacts within the CBRE database as well as to non-profit organizations through the Ontario Non-Profit Housing Association (ONPHA). Two rounds of advertisements were placed in both the Globe and Mail as well as the real estate industry newsletter Novae Res Urbis (NRU). The market offering concluded with a bid deadline of October 7, 2020.

A fairness monitor was engaged prior to launch of the marketing program to ensure that the offering documents were sound. The monitor continued their work with overseeing the selection process to ensure fairness. Proposals were reviewed, discussed and evaluated under the guidance of the fairness monitor. The selection committee was composed of staff from both the Housing Secretariat and CreateTO. Upon review and 1st round scoring of the proposals, a short list was created. Short listed proponents interviewed with the selection committee on October 19, 2020 and were asked to submit a second round offer. The selection committee once again evaluated and selected a final bidder.

Subsequent to the final bidder selection, CreateTO negotiated a Term Sheet containing the major business terms within the final bidder. Subject to Board approval of the recommendations in this report, CreateTO staff will work with the Executive Director, Housing Secretariat and the City Solicitor to negotiate and finalize documents with the final bidder and will report back to the Board once agreements have been reached.

CONTACT

Salima Rawji, Vice President Development, (416) 981-3755, srawji@createto.ca

Valesa Faria, Director Housing Secretariat, City of Toronto (416) 392-0602,
valesa.faria@toronto.ca

SIGNATURE

Salima Rawji
Vice President, Development

ATTACHMENTS

Confidential Attachment 1: Evaluation Criteria
Confidential Attachment 2: Recommended Proponent and Summary of Bids
Confidential Attachment 3: Transaction Terms