



REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Housing Now - Approval of Agreements for 50 Wilson Heights Boulevard

Date: November 20, 2020

To: Board of Directors, CreateTO

From: Vice President, Development

Wards: 6

REASON FOR CONFIDENTIAL INFORMATION

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

The attachment to this report is about 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 recommends that the CreateTO Board of Directors approve the negotiated agreements for 50 Wilson Heights Boulevard ("50 Wilson Heights") which includes the Ground Lease, Purchase Agreement, Contribution Agreement, Project Agreement and Development Agreement (the "Agreements").

The report also recommends that the CreateTO Board of Directors direct the Interim Chief Executive Officer, CreateTO to request the necessary City of Toronto authorities to execute the Agreements and such other documents as may be necessary in order to finalize the arrangement with the developer partners for 50 Wilson Heights Boulevard as described in Confidential Attachment 1.

Upon completion of the market offering process, on January 27th, 2020 the CreateTO Board approved Item No. RA10.2 "Housing Now - Results of Marketing Process for 50 Wilson Heights Blvd, 705 Warden Ave. and 777 Victoria Park Ave." Pursuant to this, the selection of the preferred bid for 50 Wilson Heights Boulevard was approved by the Deputy City Manager, Corporate Services and the Chief Financial Officer and Treasurer.

On August 31st, 2020 the successful developer proponent executed the Housing Now Ground Lease Term Sheet as well as the Freehold Transfer Term sheet for 50 Wilson Heights based on the terms negotiated through the market offering process.

On October 31st, 2020 the due diligence period for the transaction had expired with the proponent waiving conditions to further firm up the transaction.

CreateTO management will obtain the approval of the Executive Director, Housing Secretariat, the Deputy City Manager, Corporate Services and the Chief Financial Officer and Treasurer for execution of agreements, and work with the developer partners on obtaining the deposits as outlined in the agreements.

The developer partners are diligently working on their planning submissions (subdivision and site plan applications) with a current timeline to have formal submissions made to City Planning by the end of 2020.

Pending planning approvals, the current schedule is to start site servicing construction by summer/fall 2021.

RECOMMENDATIONS

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

1. Approve negotiated agreements for 50 Wilson Heights Boulevard which include the Ground Lease, Purchase Agreement, Contribution Agreement, Project Agreement and Development Agreement (the "Agreements") based substantially on the terms and conditions set out in Confidential Attachment 1, and such other terms and conditions deemed appropriate by the Senior Vice President, Development and the Chief Legal Counsel and Corporate Secretary, subject to the necessary City of Toronto approvals.
2. Direct the Interim Chief Executive Officer, CreateTO to request the necessary City of Toronto authorities to execute the Agreements and such other documents as may be necessary in order to finalize the transaction with the developer partners for 50 Wilson Heights Boulevard as described in Confidential Attachment 1.
3. Direct that the names of the developer partners be made public at the discretion of the Interim Chief Executive Officer following execution of the Agreements and that the remainder of the information in Confidential Attachment 1 remain confidential as it deals with a pending disposition of land by the Board of Directors of CreateTO and the City, and is about 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.

FINANCIAL IMPACT

A summary of the financial terms of the agreements are included in Confidential Attachment 1.

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 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 January 27, 2020, the CreateTO Board of Directors adopted CreateTO staff recommendations to authorize Management's recommendations authorizing negotiations of land leases and purchase and sale agreements with the preferred proponents for 50 Wilson Heights Boulevard and 777 Victoria Park Avenue.

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

On February 12, 2020, the Planning and Housing Committee recommended that City Council amend the Zoning By-law and approve the Draft Plan of Subdivision application for 50 Wilson Heights Boulevard.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH13.1>

On February 26, 2020, City Council adopted PH13.1 "Housing Now - 50 Wilson Heights Boulevard - Zoning Amendment and Draft Plan of Subdivision - Final Report", which approved the Zoning By-law Amendment and approval of the Draft Plan of Subdivision for 50 Wilson Heights Boulevard.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH13.1>

ON May 28, 2020, City Council adopted CC21.3 "Creating New Affordable Housing Opportunities through Phase Two of the Housing Now Initiative", which approved adding 6 additional sites to the Housing Now Initiative to create new affordable and market rental housing within mixed-income, mixed-use, complete communities close to transit.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC21.3>

On June 29, 2020, City Council adopted PH14.3 "Housing Now Initiative - Annual Progress Report", which approved enhancements to the Housing Now Initiative that will improve the lives of future residents of the sites.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH14.3>

COMMENTS

In October 2019, CBRE, on behalf of the Housing Secretariat and CreateTO, launched a market offering process for three Housing Now sites which included 50 Wilson Heights.

Bids were received in December of 2019, after which staff analyzed all bids, interviewed proponents, received clarifications on proposals and shortlisted selected proponents.

In January 2020, further negotiations occurred with the shortlisted proponents and concluded with staff recommending a preferred proponent to the CreateTO Board of Directors on January 27, 2020.

The entire selection process was overseen by a fairness monitor to ensure a fair and transparent process. Additionally, all bids were carefully evaluated by a selection committee consisting of CreateTO staff and the City's Housing Secretariat.

Throughout 2020, CreateTO and City staff have been negotiating the term sheets and final documents with the proponents with the execution of the Housing Now Ground Lease Term Sheet with the attached Freehold Transfer term sheet for 50 Wilson Heights being signed on August 31, 2020. The final documents are largely based on the term sheet with no material changes.

The proponents have also completed their on-site due diligence works and waived their due diligence condition on October 31, 2020.

The final proposed development will provide a wide range of City benefits along with achieving the Housing Now Affordable Housing unit target of a minimum of 520 affordable housing units. There will also be a minimum of 520 additional market rental units and approximately 444 market condominium units. This results in an overall total percentage of 70% of the units being rental and 30% of the units being market condominium. 20% percent of the affordable units will also be deeply affordable having rents at 40% of average market rent.

The additional City benefits will include an 800 square metre childcare facility with associated outdoor play space, a 920 square metre community use facility, over 4,400 square metres of additional non-residential uses (retail/commercial), publicly accessible

open spaces, a new public road, enhanced connectivity and public realm throughout the site and a new 3,049 square metre public park.

This site will achieve a new mixed-use, mixed income development all directly adjacent to the Wilson subway station. See Attachment 2. The agreements/documents being put forward for approval incorporate all of the above City benefits and will secure them for the term of the Lease.

In line with the Housing Now Initiative, the rental portions of the development will remain in the City's ownership under a 99 year land lease. The City will also receive additional financial benefits which are outlined in Confidential Attachment 1.

Throughout the year the proponents have diligently been working on their site plan and subdivision applications in order to advance the development. Their current schedule is to submit these applications formally to City Planning by the end of 2020. They are very anxious to get started and have a preliminary date of summer/fall 2021 to start site servicing construction after which building construction can commence. See Attachment 1.

CONCLUSION

This report recommends that the CreateTO Board approve the negotiated agreements for 50 Wilson Heights Boulevard and then recommend to the City for final approval.

Advancing this project will support the City's HousingTO 2020-2030 Action Plan targets. It will provide a range of new housing, including much-needed affordable and supportive housing, within a new complete community.

Additionally, creating new affordable housing with appropriate supports will increase the opportunity for structurally vulnerable and marginalized individuals, including Indigenous Peoples, seniors, women, the LGBTQS2+ community, Black people, and People of Colour to access safe, healthy and adequate homes.

CONTACT

Jason Chen, Director Development, CreateTO, (416) 981-3625, jchen@createto.ca

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

SIGNATURE

Salima Rawji
Vice President, Development

ATTACHMENTS

Attachment 1: 50 Wilson Heights Timeline

Attachment 2: 50 Wilson Heights Boulevard Site Plan

Confidential Attachment 1: 50 Wilson Heights Transaction Terms & Phasing Plan