

Activating 15 Denison Avenue to Create New Affordable Rental Homes within a Complete Development

Date: May 5, 2021

To: Planning and Housing Committee

From: Executive Director, Housing Secretariat and Executive Director, Corporate Real Estate Management

Wards: Ward 10 - Spadina - Fort York

SUMMARY

In March 2021, City Council directed the Executive Director, Housing Secretariat, in consultation with the Chief Executive Officer, CreateTO and the General Manager, Economic Development and Culture, to accelerate plans to redevelop the property located at 15 Denison Avenue ("Subject Property") for affordable housing and cultural animation, with consideration given to partnering with a not-for-profit developer, and to report to the Planning and Housing Committee at its May meeting with an update and with recommendations to secure a development partner. The Subject Property (Attachment 1) is currently operated by the Toronto Parking Authority ("TPA") as a surface parking lot.

This report responds to Council's request. Staff have undertaken preliminary planning work and have determined that the Subject Property would support a mid-rise development and could provide the opportunity for cultural animation at the site. Additionally, CreateTO staff, in coordination with staff from the City's Parks, Forestry and Recreation Division, have considered opportunities to acquire adjacent properties for parkland. The City has entered into a conditional agreement of purchase and sale in respect of the adjacent property at 464-468 Queen Street West, and staff are currently exploring options for additional acquisitions to assemble properties that would further support a complete development.

This report also seeks Council's approval to issue a Request for Proposals to identify a non-profit development partner to develop and operate the Subject Property as affordable rental housing. Furthermore, it recommends that staff explore options to include other properties, including City-owned properties, in the vicinity of 15 Denison Avenue that could be leveraged to increase city building opportunities, and report back to Council in 2022 with findings and a set of recommendations.

RECOMMENDATIONS

The Executive Director, Housing Secretariat and the Executive Director, Corporate Real Estate Management recommend that:

1. City Council request the Executive Director, Housing Secretariat, in consultation with the Executive Director, Corporate Real Estate Management, the General Manager, Parks, Forestry and Recreation, and CreateTO, to issue a Request For Proposals ("RFP") for 15 Denison Avenue to identify a non-profit development partner to design, build, finance and operate a new mixed-use affordable rental housing development including cultural space, a new park and a portion of a public lane at 15 Denison Avenue for 99 years under a long-term lease with the City, and to report back to Council on the results of the RFP including to request authority to provide any required financial contribution and Open Door incentives for the project.
2. City Council authorize the Executive Director, Housing Secretariat to allocate up to \$200,000.00 in funding, inclusive of the Harmonized Sales Tax and disbursements, from the Capital Revolving Reserve Fund for Affordable Housing (XR1058), for the purpose of completing pre-development activities and due diligence work related to 15 Denison Avenue and the potential redevelopment opportunities, or to work with the Chief Executive Officer, CreateTO to complete these pre-development and due diligence activities on a full cost-recovery basis, and on terms and conditions satisfactory to the Executive Director, Housing Secretariat, fully funded from the development at 324-332 Richmond Street West, secured for community benefits in the vicinity of the lands, in the amount of \$200,000 (Source Account: XR3026-3701078).
3. Pursuant to Part 2 above, City Council authorize the transfer of \$200,000 from the Section 37 Reserve Fund (Source Account: XR3026-3701078) to the Capital Revolving Reserve Fund for Affordable Housing (XR1058).
4. City Council amend the Approved 2021-2030 Capital Budget and Plan for Housing Secretariat through an increase of \$200,000 in the project cost and 2021 cash flow for the Rental Development Project (WBS CAF003), to support the due diligence work related to 15 Denison Avenue and other nearby properties for potential redevelopment, fully funded from the Capital Revolving Reserve Fund for Affordable Housing (XR1058).
5. City Council request the Board of Directors of CreateTO to direct the Chief Executive Officer, CreateTO to work with the Toronto Parking Authority to identify new parking opportunities in both on and off street locations suitable for replacement of parking spaces within the vicinity of the proposed development, should an investment in parking on-site be deemed not feasible at 15 Denison Avenue.
6. City Council request the Executive Director, Housing Secretariat and the Executive Director, Corporate Real Estate Management to work with CreateTO to identify opportunities for any future development at 15 Denison Avenue to meet or exceed the Toronto Green Standards.

7. City Council request the Executive Director, Housing Secretariat and the Executive Director, Corporate Real Estate Management to work with CreateTO to explore options to include other properties, including City-owned properties, in the vicinity of 15 Denison Avenue that could be leveraged to increase city building opportunities.

FINANCIAL IMPACT

This report recommends the provision of up to \$200,000 in pre-development funding, inclusive of HST and disbursements to support pre-development activities and due diligence work, including assessment of ways to meet or exceed the Toronto Green Standards at the Subject Property, fully funded from the Section 37 Reserve Fund from the development at 324-332 Richmond Street West, secured for community benefits in the vicinity of the lands (Source Account: XR3026-3701078).

This work will set the stage for future redevelopment to increase affordable rental housing options available to vulnerable and marginalized individuals. Funding for predevelopment due diligence is consistent with the purpose of the Capital Revolving Reserve Fund for Affordable Housing and the uncommitted balance in the reserve is able support this request.

Future financial impacts to the City, identified through the pre-development work proposed to be undertaken, will be reported to Council in a future report. That report will also include any request for Open Door Program incentives required to activate the project.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

EQUITY IMPACT STATEMENT

The HousingTO 2020-2030 Action Plan envisions a city in which all residents have equal opportunity to develop to their full potential. The HousingTO 2020-2030 Action Plan is centred on a human rights-based approach to housing. This approach recognizes that housing is essential to the inherent dignity and well-being of a person and to building healthy, inclusive and sustainable communities.

Creating new affordable housing through the activation of City-owned lands at 15 Denison Avenue will increase the opportunity for structurally vulnerable and marginalized individuals, including Indigenous Peoples, Black people, people of colour, seniors, women, and members of the LGBTQ2S+ community to access safe, healthy and adequate homes.

Safe, secure, affordable housing is an important social determinant of health. It improves the social and economic status of individuals, families and communities. Good quality, affordable housing is also the cornerstone of vibrant, healthy neighbourhoods

and supports the environmental and economic health of the city, region and country as a whole.

DECISION HISTORY

At its meeting of March 10, 2021, City Council directed the Executive Director, Housing Secretariat, in consultation with the Chief Executive Officer, CreateTO and the General Manager, Economic Development and Culture, to accelerate plans to redevelop the property located at 15 Denison Avenue for affordable housing use and cultural animation, including that consideration be given to selecting a not-for-profit partner as the development partner, and to report to the Planning and Housing Committee by its May 20, 2021 meeting, with an update and recommendations for seeking and securing a development partner.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.MM30.20>

At its meeting of July 23, 24, 25, 26, 27 and 30, 2018, City Council requested the Director, Real Estate Services, the Director, Affordable Housing Office, the Interim Chief Financial Officer, the Transition Lead of CreateTO and the Chief Planner and Executive Director, City Planning to explore affordable housing and cultural animation opportunities for 15 Denison Avenue, as an independent and/or joint development opportunity and report back in second quarter of 2019 with a conceptual design and feasibility plan.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.MM30.20>

COMMENTS

Existing Site Context

The Subject Property consists of a rectangular shaped lot which is approximately 2,400 square meters (25,840 square feet) in size and currently contains a 120-space surface parking lot operated by the TPA, as shown in Attachment 1. The property has frontage along Denison Avenue of 40.7 meters (438 feet), along Augusta Avenue of 40.3 meters (434 feet), along Wolseley Street of 64.3 meters (692 feet) and along the public laneway north of Queen Street of 64.6 meters (695 feet)

In addition, the City's Parks, Forestry and Recreation Division recently acquired the adjacent properties at 464-468 Queen Street West:

- The property at 468 Queen Street West consists of a 450 square meter (4,800 square foot) property containing a 2-storey commercial, retail building and a surface parking lot with frontage on Queen Street West and Augusta Avenue; and
- The properties directly east, located at 464-466 Queen Street West, will be allocated by the City as an off-site parkland dedication.

Table 1: Description of the Subject Property and the recently acquired adjacent properties:

Property	Site Size (square meters / square feet)	Existing Use
15 Denison Avenue	2,400 square meters (25,840 square feet)	Municipal Car Park 106 A 120 space surface parking facility
464 - 466 Queen Street West	450 square meters (4,800 square feet)	A one (1)-storey, 2,500 square foot retail building and a surface parking lot
468 Queen Street West	370 square meters (4,000 square feet)	A two (2)-storey, 6,000 square foot retail building

Redevelopment Potential and Planning Context

The Subject property is designated as Neighbourhoods in the City of Toronto's Official Plan and is currently zoned as Residential with existing as-of-right approvals for a maximum buildable height of 12 meters and a maximum density of 1.0 Floor Space Index. A potential re-development on this site under the current Zoning By-Law could potentially allow for up to 25,840 square feet of gross floor area which could be used to construct approximately 10,000 square feet of cultural space and approximately 15-20 new rental homes.

Staff from CreateTO, City Planning and the Housing Secretariat will explore options to achieve potentially higher densities given the existing Neighbourhoods land use designation.

Additionally, there may be options to optimize the development through alternate designs and parkland configuration which could potentially maximize densities while maintaining the parkland design including sunlight exposure. There may also be ways to leverage the existing City-owned laneway which dissects the newly acquired park properties and the subject property may also offer opportunity to maximize the development potential of the combined sites.

Non-Profit Development Partner

Subject to the final built form of the development to be approved through the planning process, this site could provide an opportunity for the City to partner with a non-profit organization to design, build, finance and operate a new mixed-use affordable rental housing development which will incorporate cultural animation and a new City park. The land value of the asset could be leveraged, along with additional funds to be made available through other land transactions in the area, to facilitate the activation of this site through a long-term land lease by a non-profit development partner.

Once initial planning due diligence work is completed, the Housing Secretariat, in consultation with CreateTO, will issue an RFP to identify a suitable non-profit organization to develop the site and incorporate cultural animation and potential new City park space under a long-term lease arrangement. The total number of affordable rental homes that can be achieved on this site will be dependent on a number of factors, including but not limited to: the amount of City funding to be made available; ability of the proponent to secure other available funding and financing contributions including through the National Housing Strategy programs; the requirements for the cultural space to be constructed; and general market conditions, etc.

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SIGNATURE

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ATTACHMENTS

Attachment 1 – Site Map of 15 Denison Avenue and Future Park