

Housing Now - Approval of Agreements for 777 Victoria Park Avenue

Date: February 23, 2021

To: Board of Directors, CreateTO

From: Senior Vice President, Development and Vice President, Development

Wards: 20

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 777 Victoria Park Avenue ("777 Victoria Park Ave.") which includes the Ground Lease and Project 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 777 Victoria Park Ave 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 proposal for 777 Victoria Park Ave. was approved by the Deputy City Manager, Corporate Services and the Chief Financial Officer and Treasurer.

On April 14th, 2020 the successful developer proponent executed the Housing Now Ground Lease Term Sheet reflecting the terms negotiated through the market offering process.

The Term Sheet currently remains conditional on reaching agreement on planning requirements relating to the Demised Lands, requirements relating to the relocated TTC PPUDO and finalizing the Ground Lease and Project Agreement, based on the terms contained in Confidential Attachment 1 all of which are anticipated to be waived on March 5, 2021; and confirmation that CMHC financing is available for the Proposed Development no later than September 30, 2021.

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 working on their planning submission site plan application with a current timeline to have formal submission made to City Planning in Q3 2021.

Pending planning approvals, the current schedule is to start construction in Q4 2021

RECOMMENDATIONS

The Senior Vice President, Development and Vice President Development recommend that the Board of Directors:

1. Approve negotiated agreements for 777 Victoria Park Ave. which include the Ground Lease and Project 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 Executive 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 777 Victoria Park Ave. 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 Attachments 1, 2 and 3 remain confidential as they deal with a pending disposition of land by the Board of Directors of CreateTO and the City and are 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 Housing Now - 777 Victoria Park

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 November 26, 2019 City Council adopted PH10.2 "Housing Now – 777 Victoria Park Avenue - Zoning Amendment - Final Report", which approved the Zoning By-law Amendment for 777 Victoria Park Avenue.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.PH10.2>

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>

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 also 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.

The Housing Now Initiative is a key program under the HousingTO 2020-2030 Action Plan aimed at creating new affordable rental housing within mixed-income, transit rich, complete communities. Creating new affordable housing through the Housing Now Initiative 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. More housing opportunities for essential workers and families will also be created through the Housing Now Initiative.

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.

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 777 Victoria Park Ave.

Proposals were received in December of 2019, after which staff analyzed all proposals, 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 proposals were carefully evaluated by a selection committee consisting of CreateTO staff and the City's Housing Secretariat.

Throughout 2020 and early 2021, CreateTO and City staff have been negotiating the term sheet and Agreements with the proponents.

The proponents have also completed their on-site due diligence works and we anticipate the waiver of their due diligence as of March 5, 2021, subject to one condition, being confirmation by CMHC no later than September 30, 2021 that construction financing will be available to the proponents for this development.

City Benefits

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 254 affordable housing units. There will also be a minimum of 254 additional market rental units. The proponents are estimating that based on their current design they will be able to provide an additional 70 residential units of which 50% will be affordable, resulting in ~289 affordable units in total as part of this development. CreateTO management are confident that in conjunction with Planning, the appropriate maximum amount of density has been achieved on this property.

The additional City benefits will include a 925 square metre childcare facility with associated outdoor play space of 347 square metres, a community use facility of 425 square metres and approximately 301 square metres of additional non-residential uses (retail/commercial). It will also include two landscaped, publicly-accessible open spaces of 450 square metres and 140 square metres.

This site will achieve a new mixed-use, mixed income development all directly adjacent to the Victoria Park Subway Station. See Attachment 2. The Agreements 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 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.

Climate Resilience

The development will be constructed to the Toronto Green Standard V3 Tier 2 energy performance level and a minimum 25% decrease in energy consumption and greenhouse gas (GHG) emissions over the model national energy building code 2015. In addition, the development will incorporate a low parking ratio of 0.38 spaces per unit and transportation demand management (TDM) measures to directly reduce the number of single occupant auto vehicle trips at the development.

The proponents have diligently been working on their design and site plan application in order to advance the development including meetings with SIPA and City Planning. Their current schedule is to submit the site plan application formally to City Planning in Q3 2021. They plan to commence construction on the relocated TTC passenger pick up and drop off (PPUDO) in Q4 2021 and once completed, will commence site preparation and below grade construction immediately thereafter in accordance with the Agreements. See Attachment 1.

CONCLUSION

This report recommends that the CreateTO Board approve the negotiated Agreements for 777 Victoria Park Ave. 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 within a new development immediately adjacent to a major transit node.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: 777 Victoria Park Ave. Timeline
Attachment 2: 777 Victoria Park Ave. Site Plan
Confidential Attachment 1: 777 Victoria Park Transaction Terms
Confidential Attachment 2: Fairness Monitor Letter
Confidential Attachment 3: Fairness Monitor Letter Schedule