

Housing Now - Approval of Negotiated Documents for 705 Warden Ave

Date: February 23, 2021

To: Board of Directors, CreateTO

From: 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 705 Warden Avenue ("705 Warden") which include the Ground Lease, and the 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 705 Warden as described in Confidential Attachment 1.

Following completion of the market offering process in October 2020, the successful developer executed the term sheet on November 30, 2020. On December 4, 2020 the CreateTO Board adopted Item RA 19.6 - "Housing Now - Selection of Proponent for 705 Warden", approving the selection of the successful developer and the term sheet, subject to approval by senior City management.

On January 5, 2021, the Executive Director, Housing Secretariat, the Deputy City Manager, Corporate Services and the Chief Financial Officer and Treasurer confirmed

their approval of the selection of the successful developer and of the Housing Now Ground Lease Term Sheet for 705 Warden.

On April 12, 2021 the due diligence period for the transaction will expire and as such, staff are seeking the required approvals from the CreateTO Board at this time to meet in order to be able to waive conditions and finalize the deal.

Subject to approval of this report, 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 (plan of subdivision and site plan applications) with a current timeline to have formal submissions made to City Planning by Q2, 2021.

Pending planning approvals, the current schedule is to start site servicing construction by late Q4, 2021.

RECOMMENDATIONS

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

1. Approve the negotiated agreements for 705 Warden 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 required to execute the Agreements and such other documents as may be necessary in order to finalize the arrangement with the developer partners for 705 Warden 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 agreement are included in Confidential Attachment 1.

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.

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 directed the Chief Executive Officer of CreateTO to report back to the Board of Directors of CreateTO regarding 705 Warden, with 705 Warden are expected to be submitted to the Planning and Housing Committee in February 2020.

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

On February 12, 2020, the Planning and Housing Committee requested the Chief Planner and Executive Director, City Planning, to report on the community consultation outcomes, on proposed revisions to the development concept and any changes to the draft Zoning By-Law Amendment and Draft Plan of Subdivision at the June 11, 2020 Planning and Housing Committee meeting.

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

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 15, 2020, the Planning and Housing Committee adopted the Zoning By-Law and Approve the Draft Plan of Subdivision application for 705 Warden.

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

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>

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>

On December 4, 2020, the CreateTO Board of Directors approved the selection of the Proponent for 705 Warden and directed CreateTO to report back to the Board of Directors when management has settled the Agreements with the proponent for approval of the Agreements.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.RA19.6>

COMMENTS

On August 10, 2020, CBRE, on behalf of the Housing Secretariat and CreateTO, launched a marketing process for 705 Warden.

Bids were received on October 7, 2020, and under the direction of a fairness monitor, bids were reviewed, scored, and shortlisted by the selection committee consisting of CreateTO staff and the City's Housing Secretariat.

The selection process concluded with the determination of a final bidder and the execution by the final bidder of a term sheet on November 30, 2020. CreateTO negotiated a term sheet with the selected bidder.

Since December 4, 2020, CreateTO and City staff have finalized legal agreements with the proponents. These final legal documents are consistent with the term sheet.

The proponents have until April 12, 2021 to complete their on-site due diligence works and waived their due diligence condition.

City Building Components

The final proposed development will provide a wide range of City components, some of which were part of the requirements as set out in the Market Offering, and some of which are in addition to the market offering, as proposed by the developer:

- Exceeding the Housing Now Affordable Housing unit target by 25 units, providing a total of 275 new affordable rental units;
- Providing deeper levels of affordability: 20% of the affordable units will also be deeply affordable having rents at 40% of average market rent;
- In addition to meeting the Affordable Housing Design Guidelines, there will be a minimum of 20% accessible affordable rental units and 15% accessible market rental units, and all common areas shall be fully barrier-free in accordance with the AODA requirements;
- Housing supports through Non For Profit ("NFP") Partners will be provided as described in Confidential Attachment 1;
- A 62-space childcare facility approximately 9,009 square feet or 837 square metres with associated outdoor play space;
- Publicly accessible open spaces on the development block

- Expansion of Warden Hilltop Park totalling 3,834-square metres and a redesign of a portion of the Warden Hilltop Community Recreation Centre property to increase the number of parking spaces;
- Re-naturalization of the existing top of bank in the TRCA regulated area including erosion remediation;
- Affordable units and associated building facilities will be provided to the same standard of construction and finish as market units.

In addition to the above, the Project will deliver other city building components, including:

- a redesign of a portion of the Warden Hilltop Community Recreation Centre property to increase the number of parking spaces;
- 535 square metres of new retail space;
- a new public road and associated site servicing per Confidential Attachment 1; and enhanced connectivity and public realm throughout the site and to the pedestrian bridge connecting to Warden Station;
- a shared parking for unassigned residential parking and paid public and visitor parking. In addition to incorporated transportation demand measures; and
- meet the minimum Toronto Green Standard Version 3 Tier 2 in an effort to achieve the TransformTO targets of net zero by 2050;

There will also be additional Community Benefits in the form for local/diverse hiring commitments and social procurement commitments as outlined in Confidential Attachment 1.

This site will achieve a new mixed-use, mixed income development in close proximity to the Warden Subway station. The agreements/documents being put forward for approval incorporate all of the above City benefits and will secure them for the term of the 99 Land Lease.

Next Steps

The proponents are diligently working on their Plan of Subdivision and Site Plan applications in order to advance the construction of the development. Their current schedule is to submit these applications formally to City Planning by Q2, 2021. They are very excited to get started and have a preliminary date of late 2021 to start site servicing construction after which building construction can commence.

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.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1: 705 Warden Timeline
Attachment 2: 705 Warden Development Concept

Confidential Attachment 1: 705 Warden Transaction Terms