

Housing Now Business Case for Bloor-Kipling (Six Points) - Block 1

Date: April 27, 2021

To: Board of Directors, CreateTO

From: Vice President, Development

Wards: 3

REASON FOR CONFIDENTIAL INFORMATION

The confidential attachment to this report relates to (i) a proposed or pending disposition of land by the City, and (ii) a position, plan, procedure, criteria or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City and CreateTO.

SUMMARY

This report recommends that the CreateTO Board of Directors endorse the business case and market offering for the Phase 1 Housing Now Bloor-Kipling (Six Points) Block 1 site.

The Bloor-Kipling (Six Points) site is 17.91 acres (7.25 hectares), and includes seven land parcels, six blocks are located east of Kipling Avenue, one block is located west of Kipling, all blocks are south of Bloor Street, north of the rail corridor and the Kipling Mobility Hub, a significant hub of transit infrastructure investments including the terminus of the Line 2 TTC Subway, Kipling GO Station, and Kipling bus terminal, with TTC and Mississauga MiWay bus service. Within the Bloor-Kipling site, Block 4 is the location of the proposed new Etobicoke Civic Centre (ECC), Block 2 is a future City Park and Blocks 1, 3, 5, 6 and 7, (11.82 acres) are future Housing Now development parcels.

CreateTO, in collaboration with City staff, have been working with the consultant team to prepare a Block Context Plan (BCP) for the site. The BCP establishes the design vision for new streets, parks and open spaces and built form to inform and advance development of the Blocks and the phasing or market offerings for affordable housing. Block 1, a 2.47 acre site located east of the Kipling Avenue, south of the Dundas Street West and north of the rail corridor, is the first block to be considered for the market offering process.

The current development statistics for Block 1 are outlined in Table 1. The built form for the remainder of the Bloor-Kipling (Six Points) site can be found in Attachment 1.

Table 1: Bloor-Kipling (Six Points), Block 1 Development Statistics

RESIDENTIAL UNIT COUNT	
Total Estimated Unit Count	568
Total Estimated Rental Units	379
Minimum Affordable Rental Units	189
BUILT FORM	<p>Residential Uses</p> <ol style="list-style-type: none"> Two tall buildings: <ul style="list-style-type: none"> - N/W Tower: 18 Storeys - S/E Tower: 25 Storeys Four Mid-rise blocks <ul style="list-style-type: none"> -Fronting St. Albans Road: 5-7 storeys -Fronting Dundas Street West: 7-10 storeys -Fronting Biindagen Trail: 6-storeys -Fronting Adobigok Pathway: 5 storeys <p>Non-Residential Uses</p> <ol style="list-style-type: none"> Retail uses at grade along Dundas Street West and Kipling Avenue and Biindagen Trail Commercial space on the second floor fronting Dundas Street West Courtyard: Publicly Accessible Space (PAS)
CITY BUILDING FEATURES¹	<ul style="list-style-type: none"> -Retail uses that will create activity and support residents needs -Commercial uses offering local space to work -Publically Accessible Spaces (PAS) providing intimate space for community gatherings and events -District Energy: all heating and cooling needs will be provided by a low-carbon thermal district energy network

1. Community services and facilities will be located in Block 4, the proposed location for the ECC

The intent is to bring Block 1 to market in June 2021. Following the market offering process, CreateTO staff will report to the CreateTO Board on the proponent selection, prior to finalizing the ground lease agreement, project agreement and contribution agreement, collectively the ("Agreements"). The CreateTO Board will review for approval, the terms and conditions for the proposed agreements with the successful proponent. The lease agreements will be executed prior to the completion of the Site Plan Control process by the developer proponent.

RECOMMENDATIONS

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

1. Endorse the business case for Block 1 of the Bloor-Kipling (Six Points) site, as presented in Confidential Attachment 1, and, subject to further approvals required by the Deputy City Manager, Corporate Services, the Chief Financial Officer and Treasurer and the Executive Director, Housing Secretariat, direct CreateTO management to:

- a) Release to market Block 1, of the Bloor-Kipling (Six Points) site, in the second quarter of 2021, including entering into agreements conditional on approval by relevant City authorities;
- b) Retain the services of a fairness monitor to oversee and ensure an open, fair and transparent market offering process;
- c) Retain the services of a broker to engage the market and lead the market offering process with CreateTO staff;

2. Authorize the public release of the information in Confidential Attachments 1 and 2 following completion of the transactions contemplated in this report and at the discretion of the Chief Executive Officer, CreateTO.

FINANCIAL IMPACT

There is no additional financial impact to CreateTO arising out of the recommendations in this report. Resources required to support this project are being allocated from the current staffing complement and are part of the approved operating budget.

Due diligence, marketing and partial human resource costs are being recovered by CreateTO from the City's Housing Secretariat in line with current City approved budgets.

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 City-owned sites for the development of affordable housing as part of creating mixed-income, mixed-use and transit-oriented communities. Bloor-Kipling lands were named as one of the Phase One sites.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.CC1.3>

On January 30 and 31, 2019, City Council adopted EX 1.1 "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 directed the Chief Executive Officer, CreateTO to include the following as part of the Housing Now business case:

- 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, CreateTO Board endorsed 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.RA9.5>

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 an additional six (6) City-owned 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>

On February 2, 2021 Council adopted the Community Benefits Frameworks applicable to Housing Now.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX20.7>

COMMENTS

The Bloor-Kipling (Six Points) Focus Area

The 17.91 acre (7.25 hectare) Bloor-Kipling (Six Points) site, created by the reconfiguration of the Six Points Interchange, is located in the Etobicoke Centre. The Etobicoke Centre is one of four centres identified in the City's Official Plan to accommodate growth with a mix of affordable and market housing, community uses, parks, and retail and employment opportunities all near transit. The Province's Provincial Growth Plan identifies the Etobicoke Centre as an Urban Growth Centre which directs a minimum density of 400 people/jobs per hectare by 2031.

The Vision

The design vision for the Bloor-Kipling (Six Points) site is to create a community to live work and play, built on foundations of sustainability and resiliency, this includes:

- A mix of residential and non-residential uses (affordable and market housing, retail, commercial, community and institutional);
- Residential and non-residential uses to support and optimize the investment in the new Kipling-Mobility Hub;
- Housing informed by the City's Housing Now Initiative;
- Active and vibrant streetscapes with retail and commercial uses;
- New community facilities and services;
- Diverse open spaces (parks, courtyards trails) stitched together with pedestrian pathways to create a walkable public realm; and
- Mobility choice.

Implementation of the Vision

The City has committed to this vision for the Etobicoke Centre with the following key investments at Bloor-Kipling (Six Points):

- Reconfiguration of the Six Points Interchange which includes: realignment of Dundas Street West, extension of Bloor Street West and regrading of Kipling Avenue; new traffic signals at major intersections, wide sidewalks with tree planting; construction of three new streets (Adobigok Pathway, Biindagen Trail and Jerry Horwath Drive) and new pedestrian and cycling infrastructure;
- Transformation of the Kipling Mobility Hub establishing an intermodal transportation network (TTC, MiWay, GO);
- Proposed location for the new ECC which will include: municipal offices and a civic hub consisting of a public library, a City-operated community recreation centre with

pool and running track, child care centre, a multi-purpose Council Chamber, civic square and below grade parking;

- Expansion to the Six Points Park, Dunkip Park; and
- Development of a low-carbon thermal district energy network (District Energy).

The Bloor-Kipling (Six Points) site will be serviced by District Energy which will distribute thermal energy to all new blocks of the site with the City's partner, Enwave Energy Corporation. Currently, a centralized plant (heating and cooling centre) will be located on Block 4 with a geothermal network of pipes to be incorporated on Block 4 and Block 1 which is the first parcel in the market offering process. District Energy is a key component of TransformTO, Toronto's climate action plan to reduce emissions from buildings and help the City reach its greenhouse gas reduction target to reach net zero by 2050 or sooner. This initiative will enable the Bloor-Kipling (Six Points) development to achieve near zero and eventually zero carbon emissions and a high level of resiliency.

Bloor-Kipling (Six Points) Block Context Plan: a Unique Identity for the Etobicoke Centre
Informed by the vision and City investment in the Bloor-Kipling (Six Points) site, CreateTO engaged the following consultants to prepare a Block Context Plan (BCP) and undertake due diligence for the development of concept plans for the new blocks:

- Architect
- Landscape architect
- Environmental/geotechnical/hydrogeological consultants
- Traffic and civil engineers
- Land Surveyor
- Noise, vibration and rail safety consultants
- Pedestrian and wind assessment consultant
- Cost consultant
- Residential Market study consultant
- Land appraiser

CreateTO, worked collaboratively with City staff, and completed the Bloor-Kipling (Six Points) BCP in October 2020. The BCP provides:

1. Mixed Use Development Blocks

Informed by the Housing Now Initiative, Blocks 1, 3, 5, 6 and 7 provide a mix of residential and non-residential (retail and commercial) uses. A mix of building typologies, with tall buildings ranging in height from 14-39 storeys, create diversity and interest in built form. Development is center around an interior courtyard that will be publically accessible and enhance pedestrian connections throughout the site. The massing and location of buildings have been designed to maximize sunlight, pedestrian comfort and usability of the public realm.

Block 7 is the proposed location for a Toronto Catholic District School Board ("TCDSB") elementary school integrated with residential uses.

Blocks 6 and 7 are currently occupied by the Toronto Police Services Division 22 Headquarters. The future business cases and market offerings for Blocks 6 and 7 will be contingent upon the future relocation of the Division 22 Headquarters to an alternative site that meets their requirements.

2. Community Facilities and Public Spaces

The Bloor-Kipling (Six Points) site is anchored by the ECC (Block 4) and a new City park (Block 2) which together create the heart of the community.

3. Mobility Choice

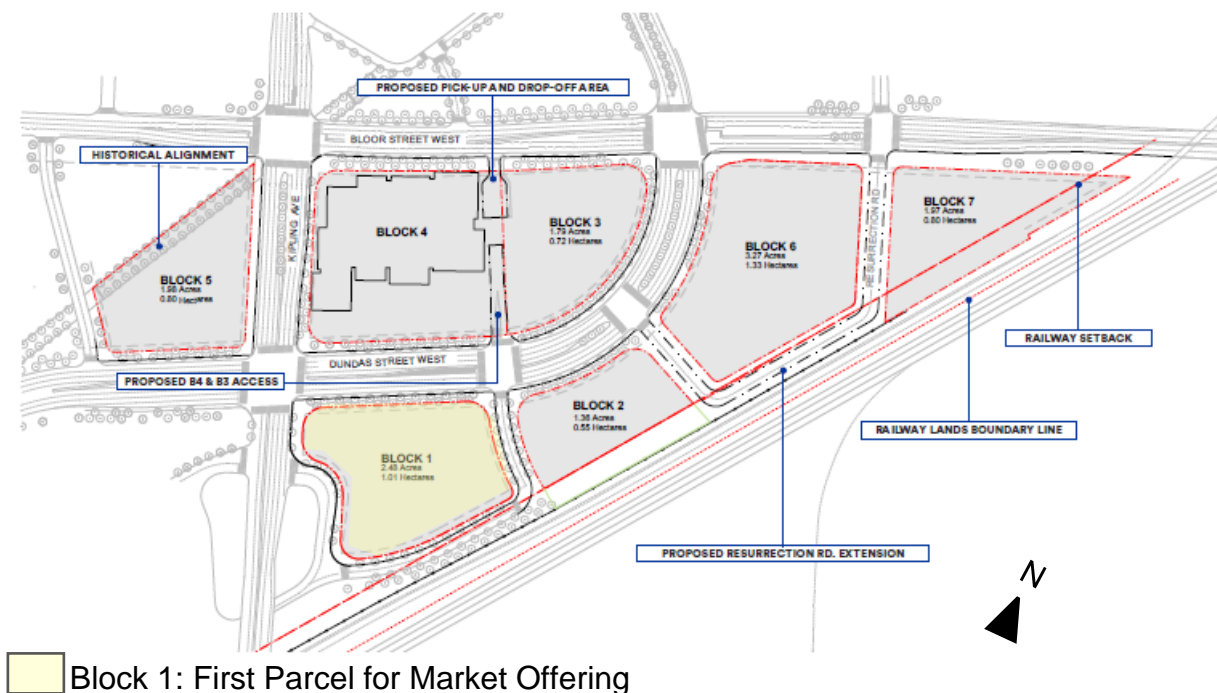
The new transformed Kipling Mobility Hub will allow access to the TTC, MiWay, GO Bus and GO Train which along with the new pedestrian and cyclist infrastructure will provide mobility choice for new and local residents.

3. Affordable Housing

The Bloor-Kipling (Six Points) BCP meets the target of 2300 units established by City Council direction (Report 2019 EX1.1). Further refinements to the BCP are expected to improve and deliver additional unit yields. In regards to tenure mix, Council's direction set a target of 67% rental units of which half are to be affordable units and 33% ownership units. The final unit count and tenure mix, on a block by block basis, will be determined through individual block business cases and market offerings. The built form for the Bloor-Kipling (Six Points) site is found in Attachment 1.

The BCP therefore provides a mix of scale and built form that are contextually appropriate for the site located directly north of the Kipling Mobility Hub.

Figure 1: Bloor-Kipling (Six Points) Focus Area - Development Blocks



Business Case Preparation Process

Bloor-Kipling (Six Points) Block 1 is the first parcel to be considered for the market offering process. The Block 1 business case reflects the current development concept plan and provides the basis for the analysis of the project's financial feasibility, including recommendations on affordable housing units and city building components such as those related to the Toronto Green Standard (TGS), Growing Up guidelines, accessible units and non-residential (retail and commercial) uses.

Summary of Development Concept

The Block 1 development concept (see Attachment 2) is a mix of building typologies consisting of two tall buildings at 20 and 25 storeys, a base building with a range of heights from 5-10 storeys, and grade related units are centred on an interior courtyard that will serve as amenity space for the residents and spill out areas for future grade related uses. The courtyard will be a publically accessible space (PAS) that provides a through block connection generally between the Kipling Mobility Hub and the ECC civic square/new park. There is a two level below grade parking garage. The current development concept complies with the Rail safety requirements related to horizontal and vertical separation and will include the provision of a crash wall adjacent to the rail line.

The Block 1 development concept reflects comments received through the review process with City staff from December 2020 to-date. The concept plan proposes a unique built form that scales down the massing of the Block, creating diversity of built form and residential unit types while optimizing City-owned land for the creation of affordable and mixed-income housing. Currently the Block 1 concept plan provides a total of 568 units. The diversity of built form aids in maximizing natural sunlight to all units and creating comfortable microclimatic conditions to support human comfort and a walkable neighbourhood. The proposed grade related retail uses will activate the street environment along both Dundas Street West and Kipling Avenue. Block 1 has direct access to the new Kipling Mobility Hub providing access to the TTC Kipling Station, MiWay, GO Bus and GO Train.

Block 1 will be serviced by the centralized District Energy housed on Block 4. As with Block 4, Block 1 will also house a geothermal network of pipes to support the distribution of thermal energy to Block 1 and the Bloor-Kipling (Six Points) site. All development partners who are interested in bidding on the Bloor-Kipling (Six Points) development blocks must commit to servicing with District Energy. CreateTO is working with Enwave to develop requirements and specifications that will be included in the market offering ensuring the development community is aware of the commitment and requirements.

Financial Feasibility

The financial plan for the site which identifies the feasibility of the project from a development point of view is outlined in Confidential Attachment 1.

The financial models reflect market research prepared by Urbanation and cost estimates from Altus' 2021 Canadian Cost Guide for the site. The Urbanation market

research provides details about absorption rates, sales prices and rental rates along with the appropriate unit mix and sizes. The Altus 2021 Canadian Cost Guide provides information regarding construction costs. Additional site specific costs and environmental costs have been identified through the due diligence process and have informed the financial analysis.

The financial analysis also assumes that Canada Mortgage and Housing Corporation (CMHC) financing using the Rental Construction Financing Initiative program will be used to provide long-term, low-cost financing at interest rates and terms well below those available in the market. This financial assumption is central to the analysis related to supporting the affordable and market rental housing as part of the Housing Now Initiative.

Prior to the market offering, a land appraisal will be conducted, as well the retained broker will provide their financial analysis in order to confirm the CreateTO analysis outlined in Confidential Attachment 1.

Proceeding with Market Offering Through Brokerage Firm and Fairness Monitor

CreateTO will retain a qualified broker of record to support the marketing of the site. Through a Request for Proposal (RFP) process, CreateTO will select an experienced broker that has a proven track record and success in marketing affordable rental projects. The expectation is that the bid period for the market offering of Block 1 will be eight to ten weeks from the date that the market offering is released. The development timeline for Block 1 can be found in Attachment 3.

CreateTO will also retain the services of a fairness monitor prior to the market offering process to ensure the entire process is open, fair and transparent.

The Selection Committee will consist of staff from CreateTO and the Housing Secretariat. Criteria for selection will include:

1. Experience in developing and operating rental housing including experience in partnerships with non-profit operators;
2. Proposed number of rental housing units, affordable rental housing units and depth of affordability, and inclusion of supportive housing units;
3. Proposed financial and funding plan;
4. Demonstrated ability to execute and complete the project on schedule;
5. Commitment to City Building components including exceeding minimum requirements on energy and carbon targets and number of jobs and social procurement dollars reflected in the community benefits framework commitment.

The selected proponent and proposed lease terms (refer to Confidential Attachment 2) will be presented to the CreateTO Board and to Senior City Staff for approval prior to final award.

Maximizing Affordability

Bidders will be incentivized to maximize affordability through the scoring process. Maximizing affordability may include increasing the number of affordable units and/or providing deeper rent affordability and the inclusion of supportive housing units. Greater consideration will also be given to proposals that include partnerships, in particular equity partnerships, with non-profit operators. The ability for the bidder to target units to vulnerable and marginalized populations requiring deeper levels of affordability (e.g. seniors, Black people, Indigenous Peoples, essential workers, artists, chronically homeless).

Planning Approvals

The BCP completed in October 2020 formed the basis for development concepts for each of the development blocks. A pre-application process was established to allow for informal submissions by CreateTO which were reviewed by a Technical Advisory Committee, a team coordinated by City Planning comprising of commenting Divisions who reviewed and provided comments on development concepts and technical supporting documents. This review process provided opportunities to resolve technical and planning matters to facilitate the Housing Now expedited review process. The first zoning submission was made on March 31, 2021. Further refinements to the Block 1 development concept, which examine opportunities for additional density, improved efficiencies and reduced parking spaces are being reviewed with City staff and will be captured in the second zoning submission. The final development concept will inform the directions and requirements of the marketing process and improve the cost/revenue items outline in the Confidential Attachment 1.

The Bloor-Kipling (Six Points) BCP and zoning by-laws for Block 1 and 5 will be brought to Planning and Housing Committee on June 28, 2021 and City Council on July 14, 2021.

CreateTO will continue to work with City staff to refine the development concepts for all blocks, examining opportunities for additional density and unit yields within the development context created through the BCP. A rolling implementation plan will see the finalization of massing and density for Blocks 3, 6 and 7 and the advancement of zoning by-laws for the remainder of the blocks in the second quarter of 2022. The market offerings for the Blocks 3 and 5 will be determined based on market conditions and the overall strategy for the Housing Now portfolio, in consultation with the Housing Secretariat. Market offerings for Blocks 6 and 7 are contingent upon securing a suitable site for the Toronto Police Services Division 22 Headquarters.

Community Engagement

CreateTO retained LURA Consulting to facilitate the public consultation process for the Bloor-Kipling (Six Points) site and the Bloor-Islington site (a Housing Now Phase 1 site, which also forms part of the Etobicoke Centre). The consultation process included three meetings of a Local Advisory Group comprising representatives from the local community who served to provide input to inform three public meetings.

The first and second community meeting, held on December 10, 2019 and February 20, 2020 respectively, consisted of an open house and presentation offered in an afternoon and evening session. At the first open house the residents were provided with an introduction to Housing Now, the site context and urban design principles that would guide the vision for the Etobicoke Centre. The second open house presented the draft BCP, its design vision for new streets, parks and buildings and the program requirements of the Housing Now Initiative. At both open houses, the design principles and visions for Bloor-Kipling (Six Points) were well received. A summary of the consultation process can be found in Attachment 4.

The third public meeting will be held virtually on April 28, 2021 and consist of a presentation providing an update on the BCP, development concepts and the Housing Now Initiative. The meeting will also provide a roadmap for the public of the forthcoming statutory meetings related to the proposed zoning by-laws for the various development blocks at both Bloor-Kipling and Bloor-Islington. The Housing Now Initiative first piloted virtual engagement in May 2020, and has been able to reach local and city-wide audiences to provide feedback on proposals for each site.

Community Services and Facilities

Community facilities for the Bloor-Kipling (Six Points) site will be included in the ECC on Block 4. A community hub will consist of a city operated community centre, including a pool, running track, fitness and community rooms; a public library; a child care for 62 children, a Snoezelen Multi-Sensory room (a therapeutic space with a variety of equipment that helps students with special needs focus and prepare for learning and interacting with others) and a multi-purpose Council Chamber that will provide space for community and City activities and events. The civic square and a 1.3 acre City Park will provide additional spaces for programming and events. Publicly accessible spaces provide smaller, intimate spaces for community activities. The Dundas Street Corridor Greenway which follows the historic alignment of Dundas Street, a street that dates back to times when indigenous routes also passed through the area, adds to the network of pedestrian and open space. The proposed multi-use trail within the rail corridor setback to the south of the site will connect the Kipling Mobility Hub in the west with the City Park and the neighbourhoods to the east. A proposed TCDSB public elementary school and play area will contribute to the community assets for this new community.

City Building Features

The Bloor-Kipling (Six Points) site development concept successfully achieves a variety of city building objectives. It has been designed as a complete community providing a dynamic mix of uses and housing options that will build an inclusive community for future residents to live, work and play. The development concept for Block 1 achieves the following key features:

1. New affordable rental and market rental housing.
2. Residential units that will deliver 20% accessible affordable rental units; 15% accessible market rental units plus fully barrier-free common areas.
3. Residential unit sizes to meet the City's Growing Up guidelines.

4. Workforce development and social procurement through the Community Benefits Framework.
5. Unique built form to complement the new road network and provide for comfortable pedestrian and open space conditions.
6. Publicly accessible spaces that will provide community amenity spaces for outdoor gatherings.
7. Retail space at grade to provide active street frontages and deliver services for residents.
8. Commercial spaces to provide employment opportunities for residents and support two-way trips into the Centre.
9. District Energy to provide a sustainable energy source contributing to the reduction of greenhouse gas.

Current Market Conditions

The current land market is in a state of uncertainty due to economic and immigration impacts resulting from the COVID-19 pandemic. Some developers have continued to move forward to capture opportunity, while others wait for certainty on the longer term economic and immigration impacts of COVID-19. At the moment, there is also uncertainty as it relates to pricing - some developers believing land pricing will hold in strong locations others anticipating discounts in the order of 10% to 15% from 2019 levels into the five year horizon. In either scenario, the focus remains on the recovery of employment and the inflow of immigration to Toronto.

CONTACT

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SIGNATURE

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Vice President, Development

ATTACHMENTS

- Attachment 1: Housing Now Bloor Kipling (Six Points) Block Context Plan Built Form
- Attachment 2: Bloor-Kipling (Six Points), Block 1, Site Plan and Built Form
- Attachment 3: Bloor-Kipling (Six Points), Block 1 Development Timeline
- Attachment 4: Bloor-Kipling (Six Points) - Community Consultation Summary
- Confidential Attachment 1: Bloor-Kipling (Six Points), Block 1, Business Case Summary
- Confidential Attachment 2: Bloor-Kipling (Six Points), Block 1 Transaction Term