

### **Parkdale Hub Project – Completion of Phase 2 Feasibility Study, Advancing to Phase 3**

**Date:** November 8, 2021

**To:** The Board of Directors of CreateTO

**From:** Vice President, Land and Development Planning, CreateTO

**Wards:** Ward 4 - Parkdale-High Park

#### **REASON FOR CONFIDENTIAL INFORMATION**

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The attachments to this report (i) deal with a proposed or pending acquisition or disposition of land by the City of Toronto, and (ii) 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 City of Toronto.

#### **SUMMARY**

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The purpose of this report is to provide the Board with an overview of the findings and recommendations of the Feasibility Study (Phase 2) for the Parkdale Hub project. CreateTO staff have been leading this work in collaboration with City divisional partners, at the direction of City Council. This report follows an initial information report and presentation to the CreateTO Board introducing the Parkdale Hub project at its meeting on May 11, 2021.

This project represents a strong opportunity for CreateTO to lead a transformational city-building initiative that will deliver wide-ranging social, cultural and economic benefits to the Parkdale community, including:

- The creation of new non-profit affordable rental housing;
- The revitalization and expansion of the Masaryk-Cowan Community Recreation Centre;
- The reconstruction and expansion of the Parkdale Library branch;
- The ongoing delivery of Artscape’s cultural hub program, which includes affordable live-work residences for artists;
- The creation of new community space and design elements that will strategically connect programs, services and people – creating an integrated “Hub”; and
- Significant enhancements to the public realm and the adaptive re-use of heritage buildings and improved connectivity with the adjacent properties.

The second phase of the Feasibility Study included advancing architectural design work, a construction phasing strategy, environmental due diligence, negotiations for a strategic property acquisition, a preliminary civil engineering assessment, high-level costing analysis, and ongoing community and stakeholder engagement. The results of these activities are presented in this report and its attachments. Based on these findings, staff recommend that the project advance into Phase 3 - which would include a City-led rezoning process, the submission of a project business case to the CreateTO Board, and a competitive call for a non-profit housing development partner (led by the Housing Secretariat).

## **RECOMMENDATIONS**

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The Vice President, Land and Development Planning, CreateTO recommends that:

1. The Board of Directors of CreateTO recommend that City Council authorize the Chief Executive Officer, CreateTO, in consultation with the Executive Director, Corporate Real Estate Management, the Chief Planner, City Planning, the Executive Director, Housing Secretariat, the General Manager, Parks, Forestry & Recreation, the City Librarian, Toronto Public Library and the Executive Director, Social Development, Finance & Administration, to lead Phase 3 of the Parkdale Hub project, which will include:
  - a. Preparation of design documents suitable to support a City-initiated rezoning process for the Parkdale Hub, including the Housing Now site(s), based on the Demonstration Plan prepared in Phase 2;
  - b. The submission of a business case for the future Housing Now site(s) to the CreateTO Board; and
  - c. The competitive procurement of a non-profit affordable rental housing development partner.
2. The Board of Directors of CreateTO direct the Vice President, Land and Development Planning, to pursue the Toronto Green Standard Version 4, Tier 2 for the potential Housing Now site(s) within the Parkdale Hub project.
3. The Board of Directors of CreateTO authorize the public release of Confidential Attachments 1, 2 and 3 to this report following the closing of all purchase and/or sale and/or transaction(s), as they pertain to a proposed or pending acquisition or sale of land for municipal or local board purposes and a position, plan, or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto.
4. The Board of Directors of CreateTO recommend that City Council authorize the public release of Confidential Attachments 1, 2 and 3 to this report following the closing of all purchase and/or sale and/or transaction(s), as they pertain to a proposed or pending acquisition or sale of land for municipal or local board purposes and a position, plan, or instruction to be applied to negotiations carried on or to be carried on by or on behalf of the City of Toronto.

## FINANCIAL IMPACT

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There is no 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.

Pre-development costs are being recovered from Corporate Real Estate Management and the Housing Secretariat through approved City budgets. The total budget required to complete the Phase 3 work program is \$970,000. This figure assumes that CREM is successful in acquiring the Additional Property (identified in Confidential Attachment 1), and that due diligence activities for the Additional Property (including environmental assessments and surveys) will need to be included in the Phase 3 scope of work. If the acquisition is unsuccessful, the total budget for Phase 3 will be reduced to approximately \$680,000. As part of the 2021 budget process, the Housing Secretariat allocated \$639,400 towards the completion of the Phase 3 Parkdale Hub work program in 2022. CREM has included \$330,600 in their 2022 budget submission to cover the balance of Phase 3 costs (see Table 1).

Table 1: Budget for Phase 3, Parkdale Hub Project

Funding Source	Without Acquisition	With Acquisition
Housing Secretariat	\$639,400.00	\$639,400.00
CREM	\$40,600.00	\$330,600.00
<b>Total</b>	<b>\$680,000.00</b>	<b>\$970,000.00</b>

The estimated order of magnitude costs of delivering this project are included in Confidential Attachment 2, alongside an overview of approved and outstanding capital budget requirements for the City. The Parkdale Hub project will continue to advance through the Council-approved stage-gating process for Major Capital Projects, which recognizes the complexity of estimating the budget impacts of such projects over multiple years, and allows for Council approval of the project and the forecast budget at each phase of design.

To date, City Council has allocated significant capital funding towards project elements in the City of Toronto's 2021 - 2030 Capital Budget and Plan. The Parks, Forestry and Recreation 10-Year Capital Budget and Plan includes \$63M for the Masaryk Cowan Community Recreation Centre, funded from Development Charges (XR2114) and the South District Parkland Development Cash-in-lieu Reserve Fund (XR2209). The Toronto Public Library 10-Year Capital Budget and Plan includes \$33M for the Parkdale Library Branch. Further information about Corporate Real Estate Management's budget allocation for the acquisition of the Additional Property can be found in Confidential Attachments 1 and 2. All remaining project costs are expected to be funded by the City of Toronto through the annual budget process, other orders of government through

future affordable housing capital programs, and any equity contributions from the non-profit housing developer.

## **DECISION HISTORY**

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On March 28 and 29, 2017, City Council adopted motion MM27.3 and requested the three Deputy City Managers to convene an interdivisional agency table, including: Parks Forestry & Recreation, Toronto Public Library, Shelter Support and Housing Administration, City Planning, Economic Development & Culture, Toronto Parking Authority, the Affordable Housing Office (now the Housing Secretariat), Build Toronto, Toronto Public Health, Real Estate Services, and Social Development Finance & Administration to determine the feasibility of a coordinated City plan for City-owned properties located at 1313, 1303 Queen Street West and 220 Cowan Avenue:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.MM27.3>

On December 17, 2019, City Council adopted report EX11.6 "Parkdale Hub Project - Feasibility Study", which provided an overview of the findings and recommendations arising from the Phase 1 feasibility study for the Parkdale Hub project. Based on these findings and recommendations, Council directed CreateTO to lead and collaborate with Corporate Real Estate Management, Parks, Forestry & Recreation, Toronto Public Library, Housing Secretariat, and Toronto Parking Authority in Phase 2 of the Parkdale Hub feasibility study. This report identified a preferred massing concept for the Parkdale Hub site, which included the opportunity for a strategic land assembly to further enhance programming opportunities, including additional affordable housing. Council authorized staff to initiate negotiations for the strategic land assembly, and directed staff to follow the guiding principles of the Housing Now Initiative in the implementation of the Parkdale Hub project:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.EX11.6>

On February 18, 2021, City Council adopted report EX21.2 "2021 Capital and Operating Budgets". This included the adoption of the 2021-2030 Capital Plans for Parks, Forestry & Recreation, Toronto Public Library and Corporate Real Estate Management, each of which allocated capital funding towards the Parkdale Hub project over the next ten years. The adoption of this report also enabled the allocation of \$639,400 from the Housing Secretariat's budget towards the costs of undertaking Phase 3 of the Parkdale Hub project in 2022 and 2023, if directed to do so by City Council:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.EX21.2>

On May 11, 2021 the Board of Directors of CreateTO reviewed a progress report on Phase 2 of the Parkdale Hub project, which provided an overview of work underway and advised that CreateTO staff would report back with the final findings of the Phase 2 study in Q4 2021. This report was forwarded by the Board to the June 1, 2021 meeting of Council's Executive Committee for information:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA22.8>

On October 28, 2021 the Planning and Housing Committee adopted report PF28.2 "Housing Now Initiative – Annual Progress Update and Launch of Phase Three Sites". This report identified the Parkdale Hub as one of five 'pipeline' sites which, subject to

satisfactory feasibility assessments, can be added to future phases of the Housing Now Initiative:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH28.2>

## **COMMENTS**

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### **Project Background**

#### **Council Direction and Vision**

The Parkdale Hub project Feasibility Study was initiated in 2017 through a Motion to Council brought forward by the local councillor, Councillor Gord Perks. The Motion requested the three Deputy City Managers to convene an inter-divisional agency table to determine the feasibility of a coordinated City plan for the City-owned properties located at 1303, 1313 Queen St. W. and 220 Cowan Ave., in the heart of the Parkdale community. CreateTO, within the context of the City-wide Real Estate Model, convened the interdivisional agency table and led a series of workshops with City stakeholders, community agencies and the broader Parkdale community throughout 2017, 2018 and 2019 to establish a shared vision for a revitalized and expanded community hub in Parkdale.

This vision included the following key principles:

- Current programs on site must continue to be accommodated through renovated or newly constructed space;
- New spaces should be created to meet the demand for enhanced programs and services in the Parkdale community;
- New affordable housing should be integrated in the Hub; and
- City-owned spaces and services should be coordinated and colocated, creating a cohesive "Hub".

CreateTO has played an essential role in anchoring this vision established in the core principles of the City-wide Real Estate Strategy - ensuring that the proposed approach to the redevelopment of these sites maximizes the value of City assets, while balancing city-building objectives, service requirements and financial drivers. This work aligned strongly with CreateTO's foundational mandate to bring a City-wide lens to the development of real estate solutions that are innovative in their approach and effective in their design and delivery.

This vision and an accompanying design concept for the Parkdale Hub site were presented to City Council in December 2019, at which time Council directed CreateTO to proceed with Phase 2 of the Feasibility Study. Council also requested that 1303 Queen Street West be included in a future Phase of Housing Now properties to be considered by Council, and directed staff to follow the guiding principles of the Housing Now Initiative in the implementation of the Parkdale Hub project, by paying specific regard to the Housing Now policy direction set forth by Council.

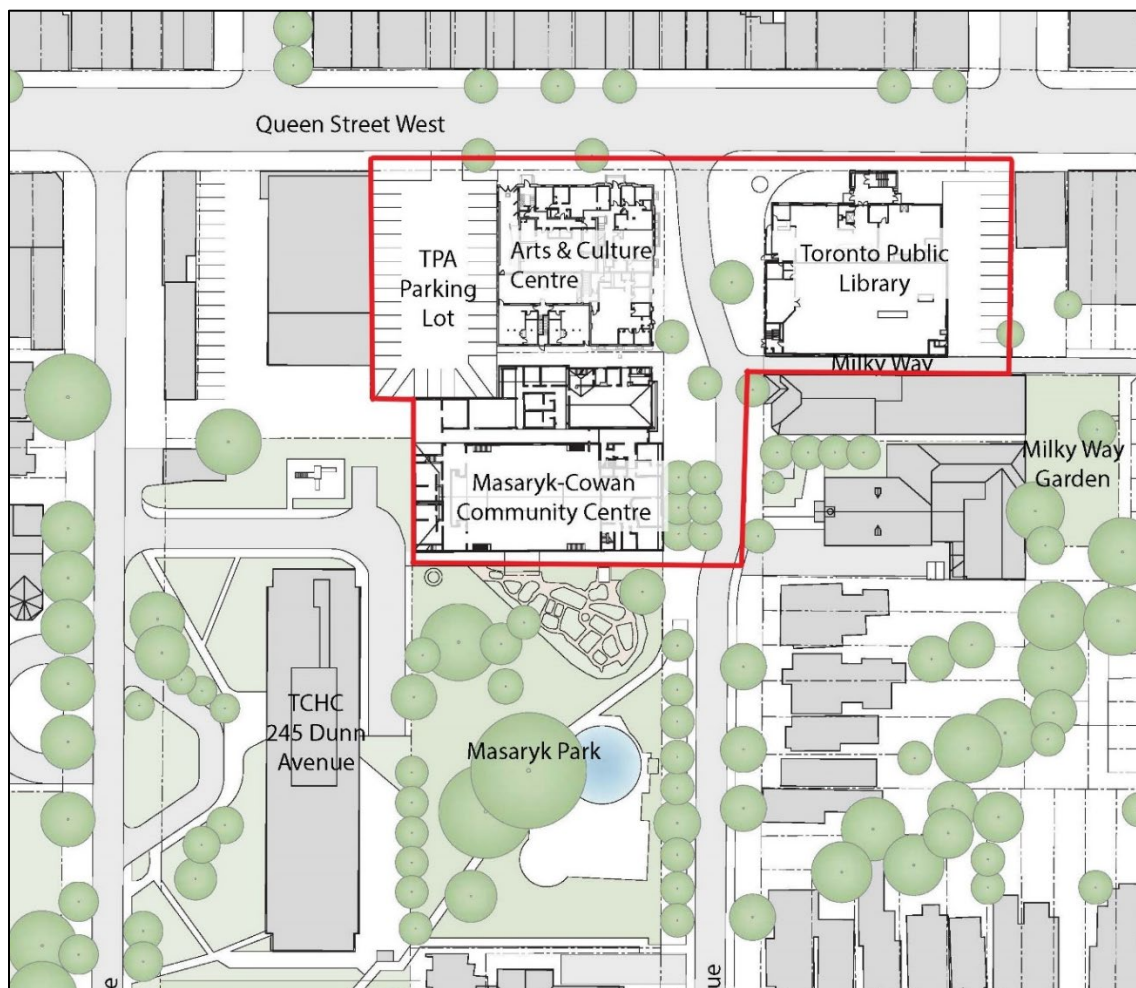
#### **Site Overview**

The Parkdale Hub site is comprised of City-owned properties located on the south side of the intersection of Queen Street West and Cowan Avenue, as identified in Table 2 and Figure 1.

Table 2: Parkdale Hub Site

<i>Address</i>	<i>Current Program</i>	<i>Operator</i>
1303 Queen Street West	Parkdale Library	Toronto Public Library
220 Cowan Avenue	Masaryk-Cowan Community Recreation Centre	Parks, Forestry & Recreation
1313 Queen Street West	Parkdale Arts & Culture Centre (artists' residence, gallery and community agency space)	Toronto Artscape Inc. (below-market lease)
1325 Queen Street West	Municipal Carpark 158	Toronto Parking Authority

Figure 1: Parkdale Hub Site and Context



## **Opportunity for a Strategic Acquisition**

At the direction of City Council, the project team has been examining the feasibility of the strategic acquisition of a neighbouring privately-owned property (the "Additional Property"). Details about the Additional Property can be found in Confidential Attachment 1. The design team was directed to examine massing concepts that included the possible incorporation of the Additional Property, should a strategic acquisition of the Additional Property be possible. Through the Feasibility Study, the project team concluded that this acquisition would be beneficial to the project for a number of reasons, which are outlined in Confidential Attachment 1.

In 2019, Council authorized the Corporate Real Estate Management ("CREM") division to initiate negotiations for the acquisition of the Additional Property for affordable housing purposes as part of the Parkdale Hub project. Through CREM's 2021 - 2030 Capital Plan, Council allocated a budget for the acquisition of the Additional Property, pending final Council authorization of the negotiated transaction. CREM will report on the status of their negotiations for the acquisition of the Additional Property in a companion report to the December 7, 2021 meeting of Council's Executive Committee.

## **Phase 2 Feasibility Study Outcomes**

### **Demonstration Plan**

In spring 2020 CreateTO re-engaged DTAH Architects through a competitive procurement process to prepare a Demonstration Plan for the Parkdale Hub. DTAH was tasked with maximizing what can be achieved with the project site through program colocation, through the thoughtful introduction of additional massing, and through creative place-making solutions. This work included extensive collaboration with Heritage Preservation Services and City Planning, who received Council direction in 2019 to work with CreateTO to explore opportunities for increasing the density of affordable housing on the City-owned lands that comprise the Parkdale Hub site as well as on the Additional Property.

A complete overview of the Demonstration Plan, including development statistics, a heritage strategy and other design considerations can be found in Attachments 1 and 2 to this report. The Demonstration Plan was developed based on the preferred massing concept identified in the Phase 1 Feasibility Study. It was informed by the functional programs provided by Parks, Forestry & Recreation and the Toronto Public Library for their respective future facilities, as well as the desire to provide replacement space for Artscape's Parkdale Arts & Culture Centre program. Further to Council direction in EX11.6, 2019, the design team has worked collaboratively with City Planning to maximize height and density for affordable housing on the East Block and the Additional Property.

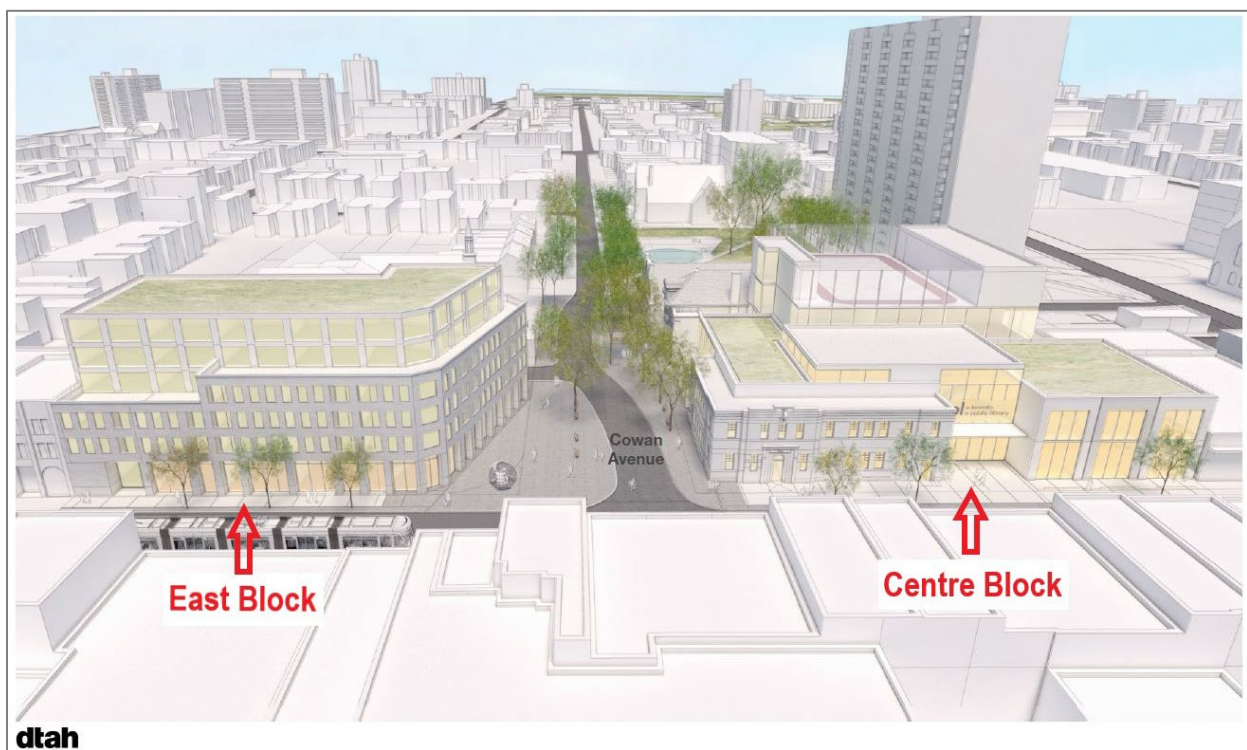
The Parkdale Hub Demonstration Plan envisions the following:

- East Block: Mixed Use
  - o 64 rental housing units (min. 50% affordable), including 9 replacement live-work units

- Approximately 8,000ft<sup>2</sup> of ground level community space, including 3,000 ft<sup>2</sup> replacement space for Artscape, with additional opportunity for basement program areas
- Centre Block: Adaptive Re-use for Civic Hub
  - Expanded and relocated public Library (33,000 ft<sup>2</sup>)
  - Expanded and revitalized Community Recreation Centre (49,000 ft<sup>2</sup>)

This concept relies on ongoing cooperation with Toronto Community Housing Corporation (TCHC) to secure access over their existing service driveway at 245 Dunn Avenue to service the Parkdale Hub properties west of Cowan Ave. Discussions on this matter, as well as on the proposed use of surplus parking spaces in the existing TCHC parking garage to meet the Parkdale Hub’s parking needs, are underway and advancing positively. By leveraging the surplus capacity of the TCHC parking garage, the Parkdale Hub project can reduce overall project costs and increase the efficiency of the existing TCHC asset. The estimated cost of retrofitting the garage to service the Parkdale Hub sites has been accounted for in the cost estimates summarized in Confidential Attachment 2.

Figure 2: Demonstration Plan, Parkdale Hub Project



The Demonstration Plan for Additional Property can be found in Confidential Attachment 1 to this report. The concept shown in Figure 2 (above) and in Attachment 1 has been designed to function either independently or in assembly with the Additional Property. Physical separation between the East Block, Centre Block and Additional Property has been maintained, allowing for the construction of the Centre Block to be managed by the City (Parks, Forestry & Recreation and Toronto Public Library, in collaboration) and for the construction of the East Block and potentially the Additional Property (pending acquisition) to be managed by the non-profit housing development partner(s).



## **Incorporating Residential Uses on the Centre Block**

During the in camera session of the May 11, 2021 CreateTO Board meeting, the Board asked staff about the feasibility of incorporating residential uses on the Centre Block, in the interest of maximizing the opportunity to deliver new affordable housing units through the Parkdale Hub project. Confidential Attachment 3 presents the findings and analysis that respond to that request.

## **Construction Phasing Strategy**

DTAH's scope of work included recommending a strategic phasing approach for the construction of the Parkdale Hub project in a way that minimizes disruption to existing programs and residents, mitigates negative impacts of construction on the neighbourhood, and facilitates project financing. The recommended phasing strategy, as well as the stakeholder considerations and evaluation criteria that informed its development, can be found in Attachment 3 to this report. This phasing strategy was developed in consultation with the project Technical Working Group, which includes representation from Parks, Forestry & Recreation, Toronto Public Library, Housing Secretariat, Corporate Real Estate Management and City Planning.

## **Housing Now**

Through the 2019 report on Phase 1 of the Parkdale Hub Feasibility Study, Council requested that 1303 Queen Street West be included in a future phase of Housing Now properties to be considered by Council, and directed staff to follow the guiding principles of the Housing Now Initiative in the implementation of the Parkdale Hub project, by paying specific regard to the Housing Now policy direction set forth by Council. The Additional Property, if acquired, could also be considered as a potential Housing Now property, based on the demonstration plan shown in Confidential Attachment 1. On October 28, 2021 the Planning and Housing Committee adopted a report that included a recommendation for Council to approve the creation of a pipeline of five sites which, subject to satisfactory feasibility assessments, can be added to future phases of the Housing Now Initiative. This pipeline included the Parkdale Hub as one of the five sites.

The Housing Secretariat has been working closely with CreateTO to review the affordable housing opportunities presented by the Parkdale Hub project, and the team are pursuing a development approach based on a proposed partnership with a non-profit housing group. In this case, a competitive call for a non-profit developer, or a non-profit-led partnership, would be managed by the Housing Secretariat. 1303 Queen Street West and the Additional Property could either be marketed together or separately.

## **Community Engagement**

Engaging with Parkdale community members, stakeholders and local organizations has been fundamental to the development of a shared vision for this project. Through monthly check-in meetings, staff have updated the local Councillor on the ongoing progress of the Parkdale Hub project and have worked collaboratively to ensure the local community is informed and engaged in the project.

The engagement plan for Phase 2 included the establishment of a Local Advisory Committee (LAC), a non-political advisory group composed of representatives of Parkdale organizations with an interest in the project. The mandate of the LAC is to provide a forum for feedback, guidance and advice to the project team at key decision points during the public consultation process. Two LAC meetings were held in 2021, in addition to a well-attended public town hall meeting in June – all meetings were held virtually. Community members are kept apprised of ongoing project developments through the project website ([www.parkdalehub.ca](http://www.parkdalehub.ca)). Phase 3 of the Parkdale Hub project will include the continuation of a fulsome community engagement strategy.

## **Environmental**

CreateTO has completed a Phase 1 Environmental Site Assessment and has initiated Phase 2 Environmental Site Assessment, Hydrogeological and Geotechnical studies for the City-owned lands that comprise the Parkdale Hub site. The results of these investigations are anticipated in early 2022, and will be factored into future costing analysis. If the Additional Property is successfully acquired, environmental studies will be undertaken and reported on separately.

## **Climate Change Initiatives**

TransformTO is Toronto's climate action strategy adopted by Council in 2017. In 2019, Council declared a Climate Emergency and Acceleration Action Plan towards net-zero emissions by 2050 or earlier. CreateTO, in support of TransformTO, will collaborate with the City's Environment and Energy Division on an ongoing basis, reviewing projects such as the Parkdale Hub project for TransformTO alignment and implementation opportunities. There is significant opportunity for reduction of existing and future emissions associated with the City's real estate portfolio throughout the asset management lifecycle, helping to reduce environmental impact, lower long-term operating costs, stimulate the green economy and produce more resilient operations and facilities.

On July 14, 2021, City Council requested CreateTO to apply Toronto Green Standard ("TGS") Version 4, Tier 2 for all development agreements, including the Housing Now Initiative. As such, any Housing Now sites within the Parkdale Hub project will be required to meet or exceed TGS Version 4 Tier 2. At the direction of the City's Parks, Forestry and Recreation division and Toronto Public Library, in accordance with their own corporate policy directions, the Centre Block (which comprises their future facilities) has been designed and costed to meet or exceed TGS Version 4 Tier 3. Should TGS requirements evolve by the time to project moves towards construction, further adjustments to the design can be made to ensure it meets the in-force TGS requirements at the time.

## **Class D (Order of Magnitude) Cost Estimates**

Altus Consulting Group was retained to provide preliminary (Class D) capital cost estimates to deliver the Parkdale Hub project. Their analysis was informed by the Demonstration Plan and related direction from the project team. A preliminary civil opinion was prepared by WSP Canada Inc. to determine existing infrastructure capacity

in the area, and determine what, if any, major servicing constraints existed. This study concluded that some allowance should be carried for civil upgrades in case minor issues emerge through the project implementation, but there is no indication at this time that major upgrades to civil infrastructure will be required. The findings of this study were provided to Altus in order to inform the costing analysis. The costing analysis for the Parkdale Hub project is provided in Confidential Attachment 2 to this report.

## **Capital Budget**

A foundational principle of the Parkdale Hub project is to maximize affordable housing and community program space, with the understanding that this approach requires substantial public sector funding. As such, the business plan for this project will rely on capital funding allocated by the City, through the annual budget process. Opportunities to leverage funding programs through other orders of government are also being continuously explored. The Parkdale Hub project will continue to advance through the City Council's stage-gating process for Major Capital Projects, which recognizes the complexity of estimating the budget impacts of such projects over multiple years, and allows for Council approval of the project and the forecast budget at each phase of design.

## **Summary of City-Building Opportunities**

The Parkdale Hub project is a transformational city-building initiative that will deliver wide-ranging benefits to the Parkdale community, including:

- The creation of new non-profit affordable rental housing;
- The revitalization and expansion of the Masaryk-Cowan Community Recreation Centre, to better deliver recreational programming to the community through a more efficient design and the addition of space;
- The reconstruction and expansion of the Parkdale Library Branch, to provide increased visibility and accessibility to the third busiest library branch in the city;
- The ongoing delivery of Artscape's cultural hub program, which provides affordable live-work housing for local artists as well as an art gallery and community office space;
- The creation of new inclusive and accessible community space and design elements that will strategically connect programs, services and people - creating an integrated "Hub"; and
- Significant enhancements to the public realm in the heart of the Parkdale neighbourhood, as well as the sensitive adaptive re-use of heritage buildings and improved connectivity with the adjacent residential neighbourhood.

This project will serve as a catalyst supporting the ongoing social, cultural and economic vibrancy of the community and contributing to the City's broader city-building objectives including much needed affordable housing. This can only be realized through the innovative collaboration of numerous City divisions and agencies, the non-profit sector and the broader Parkdale community.

## Next Steps

### Report to City Council's Executive Committee

Pending Board review of this report, it will be forwarded to the December 7, 2021 meeting of City Council's Executive Committee for consideration. City staff will be submitting a companion report to be read alongside the CreateTO report at that meeting. The purpose of the companion report is to request direction from City Council to proceed with certain City staff-led activities that will support the completion of Phase 3 of the Parkdale Hub project, including:

- The negotiation of a new or renewed lease agreement with Toronto Artscape Inc. to secure their ongoing tenancy within the proposed Parkdale Hub; and
- Next steps in the acquisition of the Additional Property.

### Phase 3 Work Program

If directed by the CreateTO Board and City Council, CreateTO staff will initiate Phase 3 of the Parkdale Hub project which will accomplish the following work program through 2022 and 2023:

- Preparation of all due diligence design work to support City-initiated rezoning which will include a more detailed Landscape Plan
- Traffic Impact Statement and Parking & Loading Study
- Functional Servicing and Stormwater Reports
- Heritage Impact Assessment
- Ongoing Environmental Assessment and Reporting
- Public Engagement
- Preparation of Housing Now Business Case
- City-initiated Rezoning (led by City Planning)
- Procurement of Non-Profit Housing Development Partner (led by Housing Secretariat)
- Program development for community spaces (led by CREM and SDFA)
- Ongoing work to acquire Additional Property (led by CREM)

## CONTACT

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## SIGNATURE

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Carlo Bonanni  
Vice President, Land and Development Planning

## **ATTACHMENTS**

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Attachment 1 – Demonstration Plan

Attachment 2 – Heritage Strategy

Attachment 3 – Construction Phasing Strategy

Confidential Attachment 1 – Additional Property Details

Confidential Attachment 2 – Preliminary Financial Analysis

Confidential Attachment 3 – Adding Residential Uses to the Centre Block