



CreateTO

Meeting No.	29	Contact	Carol Kaustinen, Committee Administrator
Meeting Date	Monday, March 7, 2022	Phone	416-338-5089
Start Time	1:30 PM	E-mail	trab@toronto.ca
Location	Video Conference	Chair	Ron Carinci

RA29.1	ACTION	Amended		Ward: All
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ModernTO: Unlocking Eight City-Owned Properties

Confidential Attachment - proposed or pending acquisition or disposition of property belonging to the City, or one of its Agencies, or Corporations, and 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 and City of Toronto

Board Decision

The Board of Directors of CreateTO recommends that:

1. City Council adopt the following proposed city-building objectives to be prioritized across the portfolio of eight properties to be unlocked through the ModernTO program:
 - a. **Creation of Affordable Housing:** The inclusion of a minimum of 33% affordable housing over all residential redevelopment opportunities within the ModernTO portfolio.
 - b. **Financial Sustainability:** The adherence to the strategic investment policy as outlined in recent Council direction through the City-Wide Real Estate strategy – Next Phase of Implementation (EX27.4).
 - c. **Public Realm Improvements:** All of the proposed redevelopments are to include public realm improvements and/or streetscape enhancements.
 - d. **City Service and Institutional Improvements:** The inclusion of City service improvements, such as Paramedics Multi-Hubs and future institutional uses.
 - e. **Maintenance or Enhancement of Employment Opportunities:** Within the portfolio of eight sites, employment and office uses will be maintained or enhanced through the proposed redevelopments.

f. Adaptive Reuse of Heritage Resources: Three properties within the portfolio have currently been identified as heritage resources. Those resources are to be adaptively reused as part of any proposed redevelopment options.

g. Sustainable Development: Any redevelopment within the ModernTO portfolio will be required to meet, at a minimum, Tier 2 of the Toronto Green Standards – Version 4.

2. City Council approve the development strategy / vision on the following five properties to be developed in the short term as outlined in Appendix A to the report (February 18, 2022) from the Chief Executive Officer, CreateTO: 610 Bay Street, 277 Victoria Street, 931 Yonge Street, 18 Dyas Road, and 95 The Esplanade.

3. City Council forward the report (February 18, 2022) from the Chief Executive Officer, CreateTO to the Boards of the Toronto Transit Commission, Toronto Parking Authority and Toronto Community Housing Corporation for information.

4. City Council authorize the Chief Executive Officer, CreateTO, in consultation with Corporate Real Estate Management and the Housing Secretariat, to issue a Request for Expression of Interest (REOI) to the development and not-for-profit community for the redevelopment of 610 Bay Street and 130 Elizabeth Street that prioritizes the delivery of affordable housing, a Paramedics Multi-Hub, and adaptive heritage reuse while adhering to the City's strategic investment policy as outlined in Attachment 1 to the report (February 18, 2022) from the Chief Executive Officer, CreateTO. Following the offering, the Chief Executive Officer, CreateTO will report back to the CreateTO Board and City Council with the recommended strategy and proposed business case, which will be conditional upon consultation with the local community.

5. City Council authorize the Chief Executive Officer, CreateTO in consultation with the Executive Director, Corporate Real Estate Management to negotiate the disposition of 277 Victoria Street to the entity identified in Confidential Attachment 3 to the report (February 18, 2022) from the Chief Executive Officer, CreateTO at market value, subject to the following conditions:

a. The proponent to conduct additional community consultation in addition to what is required as part of the development application approval process.

b. The proponent to maintain "The Works" in its current form until an accommodation strategy is developed and implemented.

c. The proponent to include additional retail commercial space on the first and second floors, include replacement for the Sam the Record Man sign and consideration for any other heritage merits of the site (condition to be fulfilled upon rezoning approval).

d. The proponent to work with City Planning to incorporate public realm improvements along Victoria Street north of Dundas Street.

e. City Council approval of the negotiated terms and conditions of sale.

6. City Council authorize the Chief Executive Officer, CreateTO in consultation with Corporate Real Estate Management and the Housing Secretariat to undertake a market offering process for 931 Yonge Street immediately following the re-zoning of the property that prioritizes the creation of affordable ownership housing, delivery of public realm improvements and adheres to the City's strategic investment policy as outlined in the proposed vision and to report back to the CreateTO Board with the recommended proponent for City Council approval.

7. City Council direct that the information contained in Confidential Attachments 1, 2, 3 and 4, and the Confidential Presentation, to the report (February 18, 2022) from the Chief Executive Officer, CreateTO remain confidential in their entirety as they relate to both a proposed or pending acquisition or disposition of property belonging to the City, or one of its Agencies, or Corporations, and 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 and City of Toronto.

Decision Advice and Other Information

The Board of Directors of CreateTO:

1. Directed the Chief Executive Officer, CreateTO in consultation with the Executive Director, Housing Secretariat to explore opportunities to maximize the affordable housing targets at each ModernTO site where housing is proposed.

2. Directed the Chief Executive Officer, CreateTO to make the delivery of affordable housing the highest priority objective when evaluating bids in the REOI/RFP process for 610 Bay/130 Elizabeth Street and as part of this process, engage local health institutions to explore additional uses on these sites.

3. Directed the Chief Executive Officer, CreateTO to work with the Medical Officer of Health, Toronto Public Health and in consultation with the Chief Planner and Executive Director, City Planning; the Executive Director, Corporate Real Estate Management; the General Manager, Shelter, Support and Housing Administration; the Executive Director, Social Development, Finance and Administration and other divisions as required to create a working group to develop the real estate strategy and public consultation framework for the accommodation of "The Works" from 277 Victoria Street and to engage local health partners in the process.

4. Directed the Chief Executive Officer, CreateTO to work with the Chief Planner and Executive Director, City Planning; the Executive Director, Economic Development and Culture; the General Manager, Transportation Services; the Executive Director, Corporate Real Estate Management; the Executive Director, Social Development, Finance and Administration and other divisions as required to create a working group to explore improvements to the public realm, traffic flow, and pedestrian and cycling mobility at the Yonge-Dundas precinct in line with the yongeTOMorrow plan and other planning frameworks in consultation with the Yonge-Dundas Square, Downtown Yonge BIA, Ryerson University and other local stakeholders in this process as part of any redevelopment at 277 Victoria Street and direct the Chief Executive Officer, CreateTO to report back in the second quarter of 2023 with an implementation plan and identified budget requests.

5. Directed that the information contained in Confidential Attachments 1, 2, 3 and 4, and the Confidential Presentation, to the report (February 18, 2022) from the Chief Executive Officer,

CreateTO remain confidential in their entirety as they relate to both a proposed or pending acquisition or disposition of property belonging to the City, or one of its Agencies, or Corporations, and 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 and City of Toronto.

The Director, Development, CreateTO gave a presentation on ModernTO: Unlocking Eight City-Owned Properties.

Origin

(February 18, 2022) Report from the Chief Executive Officer, CreateTO

Summary

Summary from the report (February 18, 2022) from the Chief Executive Officer, CreateTO:

The purpose of this report is to outline to the CreateTO Board, Executive Committee and City Council a recommended portfolio strategy that optimizes city-building opportunities on the eight City-owned properties that are targeted to be unlocked through the ModernTO program and as outlined in Table 1. Following review and input from the CreateTO Board, this report will be forwarded to Executive Committee and City Council for approval.

This project was initiated through the ModernTO: City-Wide Real Estate Strategy and Office Portfolio Optimization Report (EX9.2). Through that report, City Council identified eight City-owned properties as currently underutilized and as opportunities for unlocking value and addressing City needs and city-building objectives. CreateTO was directed to report back on recommended directions and city-building opportunities for these eight properties.

The consolidation and modernization of the City's office portfolio through the ModernTO program has created a unique opportunity to redevelop and repurpose eight strategically important City-owned real estate assets with an estimated total market value of approximately \$450M. In order to unlock and leverage value to address City needs and city-building objectives, CreateTO, in conjunction with CREM, City Planning and other City agencies and divisions, has undertaken a preliminary due diligence and site visioning process on these eight properties which included some or all the following key steps: preparation of relocation strategies for existing occupants; internal stakeholder consultation; prioritization of portfolio-wide city-building objectives; preliminary development due diligence including preparation of conceptual massing plans; and, preparation of business plans and implementation strategies.

The result of this due diligence and visioning process as applied to these eight properties is a recommended portfolio strategy that attempts to balance key city-building priorities while ensuring that these benefits will be generated through a financially sustainable strategic model that helps to support the Workplace Modernization Program and other key strategic City initiatives. Specifically, the identified city-building objectives and outcomes that are proposed to be prioritized across the portfolio of eight properties to be unlocked through the ModernTO program are as follows:

- **Creation of Affordable Housing:** The inclusion of a minimum average of 33 percent affordable housing over all residential redevelopment opportunities within the ModernTO portfolio.
- **Financial Sustainability:** The adherence to the strategic investment policy as outlined in recent council direction through the City-Wide Real Estate strategy – Next Phase of Implementation (EX27.4).
- **Public Realm Improvements:** All of the proposed redevelopments are to include public realm improvements and/or streetscape enhancements.
- **City Service and Institutional Improvements:** The inclusion of city service improvements, such as Paramedics Multi-Hubs and future institutional uses.
- **Maintenance or Enhancement of Employment Opportunities:** Within the portfolio of eight sites, employment and office uses will be maintained or enhanced through the proposed redevelopments.
- **Adaptive Re-Use of Heritage Resources:** Three properties within the portfolio have currently been identified as heritage resources. Those resources are to be adaptively re-used as part of any proposed redevelopment options.
- **Sustainable Development:** Any redevelopment within the ModernTO portfolio will be required to meet, at a minimum, Tier 2 of the Toronto Green Standards – Version 4.

Opportunities for each site will be determined with input from local councillors, impacted communities, impacted City divisions, current occupants, and external partners. The proposed portfolio strategy envisions multiple implementation approaches across the eight ModernTO properties, dependent upon the site context, available redevelopment opportunities and proposed outcomes to be achieved over the next five to seven years.

This report recommends the adoption of specific visions and implementation strategies for the following five properties that are available for repurposing or redevelopment in the short-term: 610 Bay Street, 277 Victoria Street, 931 Yonge Street, 18 Dyas Road, and 95 The Esplanade. While additional due diligence and consultation will be undertaken for the three properties that are not proposed to be immediately unlocked and are to be redeveloped on a long-term basis, which include 33 Queen Street East, 75 Elizabeth Street and 1900 Yonge Street. For these properties, the timing of the real estate opportunity is being delayed due to other significant infrastructure projects currently being undertaken or under review including transit expansion impacting 33 Queen Street East, utility/power upgrades impacting 75 Elizabeth Street, and local master plans and transit operational needs impacting 1900 Yonge Street. The ability to unlock value at these locations will follow once these important initiatives have been completed or are potentially better understood and coordinated.

The next phase of work for the eight sites, following adoption of this report, will be to undertake public information sessions on the redevelopment properties identified to be unlocked in the short-term. This consultation will occur prior to the submission of any planning applications. Also included in the next phase will be follow up reports outlining more detailed

proposed visions for the three long-term development properties, as those sites are closer to being unlocked.

Background Information

(February 18, 2022) Report and Attachments 1 and 2 from the Chief Executive Officer, CreateTO on ModernTO: Unlocking Eight City-Owned Properties

(<https://www.toronto.ca/legdocs/mmis/2022/ra/bgrd/backgroundfile-222207.pdf>)

Presentation on ModernTO - Eight Properties being Unlocked

(<https://www.toronto.ca/legdocs/mmis/2022/ra/bgrd/backgroundfile-222303.pdf>)

Confidential Attachment 1 - High-Level Financial Summary

Confidential Attachment 2 - Accommodating The Works

Confidential Attachment 3 - Name of Entity - 277 Victoria Street Disposition

Confidential Attachment 4 - Preliminary Conceptual Massing

Confidential Presentation - Materials Pertaining to Confidential Attachments 1, 2 and 3