

### **Housing Now - Selection of Proponent for Bloor-Kipling (Six Points), Block 1 (5207 Dundas Street West)**

**Date:** March 28, 2022

**To:** Board of Directors, CreateTO

**From:** Chief Executive Officer

**Wards:** 3

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

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Confidential Attachments 1, 2 and 3 to this report deal with a proposed or pending disposition of land by the Board of Directors of CreateTO and the City.

Additionally, Confidential Attachment 2 to this report contains financial information supplied in confidence to the CreateTO Board which, if disclosed, could reasonably be expected to significantly prejudice the competitive position or interfere with the contractual or other negotiations of a number of organizations.

Confidential Attachment 3 relates to 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 the City.

#### **SUMMARY**

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This report provides an update on the CreateTO led market offering and proponent selection for the development and operation of affordable and rental housing at the Housing Now, Bloor-Kipling (Six Points), Block 1 (5207 Dundas Street West) property (the "**Property**").

On October 11, 2021, CBRE, on behalf of the Housing Secretariat and CreateTO, launched a marketing process for Housing Now, Bloor-Kipling (Six Points), Block 1 (5207 Dundas Street West). Bids were received on December 14, 2021. Under the direction of a fairness monitor, bids were reviewed, scored and shortlisted. The selection process concluded with the determination of a final bidder. CreateTO negotiated a term sheet with the selected bidder, which is the subject of this report.

## **RECOMMENDATIONS**

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The Chief Executive Officer, recommends that the Board of Directors of CreateTO:

1. Approve the recommended proponent identified in Confidential Attachment 2, for the development of the Housing Now project at 5207 Dundas Street West;
2. Direct the Chief Executive Officer, CreateTO, in collaboration with the Executive Director, Housing Secretariat and the City Solicitor, to negotiate transaction agreements, including a ground lease, project agreement and contribution agreement, and such other documents as may be necessary to finalize the arrangements with the proponent for 5207 Dundas Street West (the "Agreements"), substantially on the terms set out in Confidential Attachment 3, and such other terms and conditions deemed appropriate by the Chief Executive Officer, CreateTO and the City Solicitor, subject to the necessary City of Toronto approvals.
3. Direct the Chief Executive Officer to report back to the Board of Directors when management has settled the Agreements with the proponent for approval of the Agreements.
4. Direct the identity of the final selected proponent be made public after the Agreements are executed, at the discretion of the Chief Executive Officer.
5. Direct the remainder of the information in Confidential Attachments 1, 2 and 3 remain confidential as they relate to a proposed or pending disposition of land by the Board of Directors of CreateTO and the City and a plan to be applied to negotiations carried on or to be carried on by or on behalf of the Board of Directors of CreateTO, and they contain financial information supplied in confidence to the CreateTO Board which, if disclosed, could reasonably be expected to significantly prejudice the competitive position or interfere with the contractual or other negotiations of a number of organizations.

## **FINANCIAL IMPACT**

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There is no additional financial impact on CreateTO.

## **DECISION HISTORY**

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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/viewAgendaltemHistory.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 May 11, 2021, the CreateTO Board of Directors adopted RA22.12 "Housing Now Business Case for Bloor-Kipling (Six Points) – Block 1", and directed CreateTO Management to proceed to market 5207 Dundas Street West to the development community.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA22.12>

On July, 14, 15, and 16, 2021, City Council adopted PH25.2, the "Housing Now Bloor-Kipling (Six Points) Block Context Plan and Blocks 1, 2 and 5 City-Initiated Zoning By-law Amendment – Final Report" to facilitate the development of mixed use residential developments with a minimum of 33% affordable rental units and a public park.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH25.2>

On October 4, 2021, City Council enacted the Bills for Block 1, 2 and 5. There were no appeals and the By-laws came into full force and effect on October 4, 2021.

## COMMENTS

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### **Market Offering Process**

CreateTO initiated an open market procurement process to select a proponent to develop a mixed market and affordable purpose-built rental housing project on the Property. A real estate broker and fairness monitor were competitively procured to support the Housing Now market offerings. CBRE was the successful real estate broker to manage the market offering and Optimus SBR Inc. was the successful fairness monitor who served as an independent and impartial third party to observe, monitor, provide oversight, and ensure a fair and transparent marketing and selection process and report on the procurement process for the Property.

On October 13, 2021, CBRE launched the initial market offering brochure with an email campaign to 2,700 contacts in the CBRE database, including contacts in the non-profit housing organizations. Two rounds of advertisements were placed in both the Globe and Mail and the real estate industry newsletter Novae Res Urbis ("NRU"). The market offering was also posted on LinkedIn accounts for the Vice Chairman CBRE Limited and the Executive Vice President, Land Services and received over 3,000 views.

On October 22, 2021, a Confidential Information Memorandum (“**CIM**”) and due diligence materials were made available to potential proponents in an online data room. Proposals were submitted in accordance with the Submission Guidelines stated in the CIM and included an offer on the owner’s form of term sheet. The market offering concluded with a bid deadline of December 14, 2021.

### **Bidder Selection**

The bids were analyzed and evaluated by a selection committee made-up of representatives from the Housing Secretariat and CreateTO under the guidance of the fairness monitor (the "Selection Committee"). The Selection Committee evaluated the bids based on an evaluation scoring matrix of weighted evaluation criteria outlined in the CIM and included in Confidential Attachment 1.

Upon completion of the scoring of bids, by consensus, the Selection Committee created questions of clarification for each of the proponents; interviews were held on January 20 and 21, 2022 with proponents followed by submissions of written response to the questions. The Selection Committee reconvened to re-evaluate scoring based on interviews and written responses. The short listed proponents were asked to submit a second offer. A summary of the submissions are found in Confidential Attachment 2.

The Selection Committee reconvened to evaluate the second round submissions and agree, by consensus, on a second round scoring. Upon completion of the evaluation process, and in accordance with the process stated in the CIM, the highest ranked proponent was selected to enter into negotiations on the terms of the development project with the intent of confirming the selection of a successful proponent. The highest ranked proponent is identified in Confidential Attachment 2. CreateTO negotiated a term sheet containing the major business terms with the final bidder and an executed term sheet, on terms satisfactory to the proponent, CreateTO and the City, was submitted by the proponent on March 14, 2022. Based on the successful negotiations of the term sheet, a recommended proponent was selected. The key business terms are summarized in Confidential Attachment 3.

Subject to Board approval of the recommendations in this report, CreateTO staff will work with the Executive Director, Housing Secretariat and the City Solicitor to negotiate and finalize the Agreements with the successful bidder, based on key business terms summarized in Confidential Attachment 3, and will report back to the Board upon successful negotiations of the Agreements.

## **CONTACT**

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## **SIGNATURE**

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Vic Gupta  
Chief Executive Officer  
CreateTO

## **ATTACHMENTS**

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Confidential Attachment 1: Evaluation Criteria  
Confidential Attachment 2: Recommended Proponent and Summary of Bids  
Confidential Attachment 3: Key Business Terms