

Housing Now Progress Update

Date: January 25, 2023

To: Board of Directors, CreateTO

From: Chief Executive Officer

Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The Confidential Attachment to this report deal with a proposed or pending disposition of land by the Board of Directors of CreateTO and the City of Toronto; contains financial information supplied in confidence to the CreateTO Board which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a number of organizations and 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 of Toronto.

SUMMARY

On January 30, 2019, City Council approved a signature affordable housing program, the "Housing Now Initiative," to leverage City-owned land for the purpose of creating new, mixed-use, mixed-income communities near transit. Through the Initiative, 11 properties were initially identified for development, with the potential to create a total of 10,000 new residential units.

On May 28, 2020, Council approved the addition of six more sites to the Housing Now Initiative with the potential to create 1,455 to 1,700 additional residential units.

On October 28, 2021 Planning and Housing Committee endorsed four Phase Three sites which were endorsed by Council on November 9th and 10th. These sites are estimated to add between 1,150 and 1,400 net new homes. A further six Pipeline Sites were also endorsed by Council for preliminary due diligence. The Housing Now Initiative is coordinated through a Steering Committee composed of senior staff from the Housing Secretariat, City Planning and CreateTO.

The purpose of this report is to provide the CreateTO Board of Directors with a broad status update on the progress made to date on activating the 21 properties and future pipeline sites.

RECOMMENDATIONS

The Chief Executive Officer recommends that the Board of Directors of CreateTO direct that Confidential Attachment 1 remain confidential as it relates to a proposed or pending disposition of land by the Board of Directors of CreateTO and the City of Toronto, contains financial information supplied in confidence to the CreateTO Board which, if disclosed, could reasonably be expected to prejudice significantly the competitive position or interfere significantly with the contractual or other negotiations of a number of organizations, and 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 of Toronto.

FINANCIAL IMPACT

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

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

DECISION HISTORY

On December 13, 2018, City Council adopted the Housing Now Initiative by approving 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, 2019, Council approved an action plan, resources and program requirements for the Housing Now Initiative.

<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 May 28, 2020, Council approved the creation of new affordable housing opportunities through Phase Two of the Housing Now Initiative.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.CC21.3>

On June 29, 2020 Council received the Housing Now Initiative- Annual Progress Report.
<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#>

On July 14, 2021 City Council requested CreateTO to require the application of the Toronto Green Standard Version 4, Tier 2 for all development agreements, including the Housing Now Initiative.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH25.17>

On Oct 28, 2021 Planning and Housing Committee received the Housing Now Initiative- Annual Progress Report.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH28.2>

On September 13, 2021, the CreateTO Board of Directors received a broad update on the financial status of the Housing Now portfolio.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.RA24.8>

On Nov 12, 2021, Council approved the creation of new affordable housing opportunities through Phase Three of the Housing Now Initiative and received the Housing Now Annual Update
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.PH28.2>

On July 19, 2022, City Council approved the provision of delegated authorities to the Deputy City Manager, Corporate Services to advance all housing programs, projects and initiatives including Housing Now during the Council election recess.
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.PH35.21>

COMMENTS

Progress since the November 18, 2022 Board Meeting

Since the November 18, 2022 Board meeting, progress has been made to advance the Housing Now Initiative, as outlined on Attachments 1 and 2. Attachment 1 is the 'Milestone Report' including all properties from Phase One, Phase Two and Phase Three. The Milestone Report identifies key metrics for each property including the number of affordable units, target dates for the market offering, and estimated dates for start of construction, by project. Attachment 2 is the 'Unit Tracker' for Phase One, Two and Three. This tracker outlines the estimated unit count per property, including a sum of how many units are at specific stages of the development cycle. Additional detail on each site is provided in the subsequent section of report.

Phase One Status Update - 11 Properties

50 Wilson Heights Boulevard

Final legal agreements have been settled, and the announcement of the successful developer proponent was made in October 2021. Tridel Builders Inc. and Greenwin Holdings Inc. have been selected to lead the development. This Housing Now site will lead to the delivery of 1,484 new residential homes, including 520 affordable rental homes, 520 market rental homes, and 444 market condominium homes, as well as a new child care centre, commercial space, and a community space for non-profit organizations. The proponent continues to advance clearance of Draft Plan conditions, with progress made on the few remaining technical challenges, including acceleration of the Westgate Sewer works required for future occupancy. The planned construction start is now targeted for Q4 2023 following completion of the Westgate sewer which has now been tendered. Project risks include confirmation of acceptable CMHC financing and the rapid movement in construction price escalation and interest rates. A confidential attachment on 50 Wilson Heights is included as part of this report to provide the Board with further information on this site.

777 Victoria Park Avenue

Final legal agreements have been executed, and the announcement of the successful developer proponent was made in November 2021. Alterra Group of Companies and Mahogany Management have been selected to lead this development. This site will lead to the delivery of a minimum of 508 residential homes, including 254 affordable rental homes and 254 market rental homes. The development will also deliver a new child care centre, retail and community space, and new publicly accessible open space and improvements to the public realm. Site Plan applications for the relocation of the TTC pick-up and drop-off area at 781 Victoria Park Ave was filed on February 28, 2022. Current project risks include confirmation of acceptable CMHC financing and the rapid movement in construction price escalation and interest rates.

705 Warden Avenue

Final legal agreements have been executed and the announcement of the successful developer proponent was made in October 2021. Greenwin Holdings Inc. and KingSett Affordable Housing LP have been selected to lead the development. This site will lead to the delivery of 250 affordable rental homes and over 350 market rental homes, as well as the expansion of Warden Hilltop Park, a new child care centre, and additional retail space. A Site Plan application was filed in December 2021. Construction timing will be confirmed pending resolution of risks to the project, including: coordination of drainage over the adjacent TTC corridor, coordination with adjacent TRCA lands, confirmation of acceptable CMHC financing and the rapid movement in construction price escalation and interest rates.

140 Merton Street

A Request for Proposals (RFP) for this site was issued to the non-profit sector on June 2, 2021 and closed on August 27, 2021. Proponent Selection was announced on July 26, 2022. The project was awarded to the Missanabie Cree First Nation, whose team includes EllisDon Community Builders. The site at 140 Merton St. will be the first non-profit developed Housing Now site led by an Indigenous organization and will be dedicated to providing housing options for Indigenous elders and other seniors. Current

risks to the project include confirmation of acceptable CMHC financing and the rapid movement in construction price escalation and interest rates.

Etobicoke Centre

In the fall of 2019, work began on the preparation of a Block Context Plan for the 17-acre site at Bloor-Kipling and the 3.8-acre site at Bloor-Islington. To-date three public meetings have been held jointly on each proposal, concluding the Block Context Plan design and consultation process. The Block Context Plan for Bloor-Kipling was adopted by City Council in July 2021. The Block Context Plan for Bloor-Islington will be presented for adoption with the final rezoning report targeted for Q2 2023.

Bloor-Kipling

On July 14, 2021, Council adopted the Block Context Plan for Bloor-Kipling and the Zoning By-law Amendment for Blocks 1, 2, and 5. These blocks represent 107,000 square meters of development and two new public parks. The negotiated agreements for Block 1 with the Selected Proponents, Kilmer Group and Tricon Residential (KT), were approved by the CreateTO Board of Directors on May 17, 2022. The Design Review Panel endorsed KT's design concept at its meeting on September 15, 2022. An application for Site Plan Approval was subsequently filed by KT in October 2022. Finally, a Minor Variance application, in accordance with Member Motion 45.37, was approved by the Committee of Adjustment in December 2022. Current risks to the project include confirmation of acceptable CMHC financing and the rapid movement in construction price escalation and interest rates. A confidential attachment on Bloor - Kipling Block 1 is included as part of this report to provide the Board with further information on this site.

A rezoning submission for Blocks 3,6,7 is targeted for this quarter.

Bloor-Islington

A site plan application for the relocated TTC bus terminal at Bloor Islington has been submitted by TTC. Following collaboration with the TTC and City Planning, the northern boundary for the Housing Now development blocks have been established and details regarding the design of the intersection of the new public road, TTC driveway and Islington Avenue are finalized. A final re-zoning and subdivision application was submitted in May 2022. A final zoning report before the Planning and Housing Committee (PHC) has been delayed to Q2 2023 as staff await Hydro One's response to the technical review submission filed in April 2022. The largest risk to the project is the required acquisition of lands needed for the plan of subdivision from Hydro One/Infrastructure Ontario.

805 Don Mills Road

The Ontario Line is proposed to be elevated above ground on Don Mills Road, bisecting a portion of the development block. The project team was successful in collaborating with Metrolinx through the design review process, ensuring that the proposed alignment for the Ontario Line maintained the overall integrity of the site and minimized the loss of total units. A final zoning report for the project was approved at the June 15, 2022 meeting of City Council with no appeals and the by-law in-force. The largest risk to the project is the acquisition of lands required for the plan of subdivision from the church

lands to the south. An agreement of purchase and sale for the church lands is targeted for execution this quarter.

770 Don Mills Road

The development concept for 770 Don Mills Road is subject to a land exchange with the Toronto District School Board as considered by General Government and Licensing Committee on June 14, 2019 and adopted by City Council on July 16, 2019 (GL6.17). One requirement of the Land Exchange is for the City of Toronto to provide 54,000 square feet of stratified fee simple interest on part of 770 Don Mills Road to support a new TDSB elementary school. A community consultation meeting and a presentation of the proposed development concept to the Design Review Panel were held respectively on September 14 and September 16, 2021, together with the 805 Don Mills Road site. A final zoning report for the project was approved at the June 15, 2022 meeting of City Council with no appeals and the by-law in-force. The largest risk to the project is the completion of the land exchange agreement with the Toronto Lands Corporation.

251 Esther Shiner Boulevard (Oriole Yards)

The Oriole Yards Study has identified a plan for relocating existing City uses from the site to free the lands for development. The development of the Block Context Plan appeared before Design Review Panel on February 17, 2022. Timing for an upcoming community consultation session is being coordinated with the local councillor, with zoning submission targeted for Q2 2023 based on ongoing coordination with the Seniors Services and Long-Term Care Division. The largest risk to the project is the required relocations of the current works yard uses.

3933 Keele Street

Given the size and substantial development constraints to the 3933 Keele Street site by the Metrolinx station entrance building, alternative opportunities for this site are being explored.

1250 Eglinton Avenue West

The project has advanced to the design development phase, in coordination with Metrolinx's station construction works. Timing for an upcoming community consultation session is being coordinated with the local councillor, with zoning submission targeted for Q1 2023.

Phase Two Status Update - Six Properties

405 Sherbourne Street

City Council approved the Zoning By-law Amendment for this site on July 14, 2021. On June 16, 2021, the Toronto Preservation Board approved the recommendations to alter the property at 405 Sherbourne Street, which is designated under Part V of the Ontario Heritage Act. Bills were enacted by Council in May 2022 following the resolution of servicing matters involving a third party, and are now in-force. The business case has been approved by the CreateTO Board and by the Deputy City Manager, Corporate Services and Chief Financial Officer. This site will be released through an RFP process to be led by the Housing Secretariat to select a non-profit partner to develop and operate this site, with the non-profit market offering to launch upon more favourable market conditions. Current risks to the project include the availability of CMHC financing and the rapid movement in construction price escalation and interest rates.

1631 Queen Street East

Real property due diligence and concept planning has been completed. The first community consultation took place on December 7, 2020, and presentation to the Design Review Panel took place on December 10, 2020. A re-zoning submission was made on May 31, 2021, and a second community meeting was held June 10, 2021. Meetings with community and treaty rights holders continue on the Indigenous place keeping component of the project. A second re-zoning submission was filed in Q4 2022. The largest two risks to the project are the required relocation of existing site uses (childcare and Toronto Employment & Social Services) as well as the local community opposition to the 18-storey building fronting Eastern Ave.

150 Queens Wharf Road

The final rezoning report and statutory public meeting for this site were considered by Planning and Housing Committee on October 18, 2021 and were adopted by City Council on November 9-10, 2021. The Zoning By-law will be submitted as a Bill to be brought forward to Council once the servicing matters are resolved per recommendation 3 in the Housing Now 150 Queens Wharf Road Zoning Amendment Final Report. This site will be released through an RFP process to be led by the Housing Secretariat to select a non-profit partner to develop and operate this site, with the non-profit market offering to launch upon more favourable market conditions. Current risks to the project include the above-mentioned sanitary capacity issues, confirmation of acceptable CMHC financing and the rapid movement in construction price escalation and interest rates.

2444 Eglinton Avenue East

The CreateTO Board endorsed the business case for this project on March 8, 2021. This site was selected to proceed as a pilot to test going to market prior to zoning. A community meeting for the site was held on April 12, 2021 and a community working group meeting was held on June 28, 2021. The site was released to market on October 14th 2021 and bids were received on December 14, 2021. Bids were evaluated by an interdivisional team of City and CreateTO staff under the watch of a fairness monitor. Negotiated agreements with the selected proponent are ongoing and will be presented to CreateTO's Board of Directors for final approval. Current risks to the project include the rapidly increasing construction costs given the extended timeline to construction with the proponent carrying out the rezoning application directly, all within an already constrained proforma.

158 Borough Drive

A final rezoning report for the project was approved by City Council in April 2022, and was subsequently appealed to the Ontario Land Tribunal (OLT) by an immediate project neighbour. A motion to dismiss the appeal was successfully considered at an OLT Case Management Conference held on October 21, 2022, with the OLT Member issuing an oral decision. A written decision will bring the site-specific zoning by-law into force retroactive to April 7, 2022. The business case for this project was endorsed by the CreateTO Board at its meeting in April 2022. Current risks to the project include the availability of CMHC financing in addition to the rapid movement in construction price escalation and interest rates.

1627 & 1675 Danforth Avenue

Due diligence is underway based on the Council-approved framework established by the Danforth Garage Master Plan. Stakeholder engagement has begun with Toronto Public Library, Toronto Transit Commission and Children Services to prepare functional programs to inform massing, built form and adaptive reuse of the historic Danforth Garage. Housing Now is one element of a complex interconnected redevelopment of the site. Work is under way to confirm the ability to advance the Housing Now block independent from the detailed design and stakeholder work being developed for the entirety of the site- giving consideration for an integrated design.

Phase Three Status Update - Four Properties

On November 9 and 10, 2021 City Council endorsed the below Phase Three sites. Collectively, these sites are estimated to add between 1,150 and 1,400 net new homes, including between 450 to 600 affordable rental homes. The total number of affordable homes will be determined based on the results of the market offering process, selection of successful proponents, and the planning review and approval process.

40 Bushby Drive

Preliminary due diligence is currently underway, with the team working to conclude concept testing. A preliminary community consultation meeting will be coordinated with the local Councillor, with zoning submission currently targeted for Q2 2023. A first submission to the Design Review Panel has been scheduled for March 9, 2023.

2700 Eglinton Avenue West

Preliminary due diligence is currently underway, with the team working to advance concept testing. A preliminary community consultation meeting will be coordinated with the local Councillor, with zoning submission currently targeted for Q3 2023.

4040 Lawrence Avenue East

Preliminary due diligence is currently underway with the project team advancing the first Community Design Initiative, in consultation with the East Scarborough Storefront and the local Councillor, in January 2023. This Initiative will facilitate resident engagement in designing the new structure on the property, in accordance with Council direction.

East Bayfront (also known as Block R6)

Preliminary due diligence is currently underway, with preliminary concept testing completed. Direct negotiations are currently advancing in accordance with previous Council directions and commitments, including the terms and conditions of the 2010 Land Development Agreement (LDA) between Hines Canada and the City, as outlined in Item EX36.28.

Future Sites

In addition to the Phase Three sites, Council has approved a pipeline of five sites which, subject to feasibility analysis, can be added to future phases of the Housing Now Initiative. Creating a pipeline of sites will enable CreateTO to undertake early due diligence work to ensure sites can move more quickly through the planning approval

and development stages, as well as receive future federal and provincial funding opportunities, if they become available, to support the development of new housing.

The six sites identified as potential future sites include:

Block 7 (Christie's Secondary Plan)

Parkdale Hub

Allen East District (Downsview)

101 Coxwell Avenue

5151 Yonge Street

20 Shortt Street

CreateTO has contracted for architectural services for the sites at Parkdale Hub and 20 Shortt Street, and is in the processes of securing architectural services for Allen East District (Downsview). Concept massing for Parkdale Hub was endorsed by the Design Review Panel, with a first zoning submission filed in December 2022. Due diligence work for additional property acquisition at Parkdale Hub was also launched in Q4 2022, with the transaction expected to close by Q1 2023. CreateTO is continuing to procure additional consultant services. Report back timing for the results of each respective feasibility analysis will be determined as consultant work is undertaken.

Bill 23, More Homes Built Faster Act, 2022

On October 25, 2022, the government of Ontario introduced the More Homes Built Faster Act, 2022. The Bill received Royal Assent on November 28, 2022.

Amongst the legislative changes introduced through the Bill are discounts to Development Charges applied to rental housing projects. These discounts range from 25% for 3+-bedroom units, 20% for 2-bedroom units and 15% for 1-bedroom/studio units. Staff are currently undertaking a detailed review of the Housing Now financial models to capture the changes introduced through the legislation.

2023 Housing Action Plan

On December 14, 2022, Toronto City Council adopted the '2023 Housing Action Plan' as an overarching framework to guide Official Plan and regulatory changes, as well housing system policy and program updates. Management is working with its partners in City Planning and the Housing Secretariat on a comprehensive update report to the City's Executive Committee in March 2023.

Community Engagement

CreateTO is actively working with our partners in the Housing Secretariat and City Planning to assess and evaluate the community engagement process for Housing Now and will report back in Q1 2023 on a revised engagement approach as it advances consultation on the Phase Three sites.

Portfolio Wide Risk Factors

CreateTO continues to monitor key risk factors that could significantly impact the ability to implement the Housing Now Initiative as currently structured. These risk factors include:

Availability and timing of funds and appropriate loan to cost ratios of the CMHC Rental Construction Financing Initiative;

Upward trending interest rates;

Rapid escalation in construction pricing;

Community objection to redevelopment of sites often based on intensification or rental tenure.

CreateTO, the Housing Secretariat and City Planning are working together to move the initiative as expeditiously as possible to help mitigate the above risk factors as well as exploring supplemental granting and financing programs that may be brought forward to support future phases of Housing Now. CreateTO, the Housing Secretariat and City Planning also continue to work with various teams within the City to understand the impact of Council-approved policy direction, as well as new Provincial legislation introduced through Bill 23.

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SIGNATURE

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CreateTO

ATTACHMENTS

Attachment 1 - Housing Now Milestone Report

Attachment 2 - Housing Now Unit Tracker

Confidential Attachment #1