

Housing Now - Approval of Renegotiated Documents for Bloor-Kipling (Six Points), Block 1 (5207 Dundas Street West)

Date: March 9, 2023
To: Board of Directors, CreateTO
From: Chief Executive Officer
Wards: 3

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report deals with a pending disposition of land by the Board of Directors of CreateTO and the City.

SUMMARY

Following completion of the market offering process in December 2021, the successful proponent executed the term sheet on March 14, 2022. On April 12, 2021, the CreateTO Board adopted Item RA30.5 and approved selection of the successful proponent partners and the term sheet. On May 17, 2022, the CreateTO Board of Directors adopted Item RA31.3 and approved negotiated agreements which included the Ground Lease, the Project Agreement, and the Contribution Agreement (the "Agreements"). The proponent selection and the negotiated agreements were approved by senior City management on July 11, 2022.

The proponent has been diligently advancing the Site Plan application following Board approvals in April 2021. The first site plan submission was submitted in September 2022; on September 15, 2022, the proposal was successfully considered by the Design Review Panel; and a public meeting was held on December 13, 2022 where the development was positively received.

While the proponent has been diligently advancing their site plan application, several economic factors have impacted the proponent's proposal. In September 2022, the proponent approached CreateTO to resolve these issues to maintain project schedules and the delivery of affordable housing. These factors and an approach to resolve these issues are outlined in Confidential Attachment #1.

This report recommends that the CreateTO Board of Directors approve the approach outlined in Confidential Attachment #1, which responds to the significant change in the development and financing markets over the past year and ensures the project's viability and delivery of 217 affordable housing units.

The report also recommends that the CreateTO Board of Directors direct the Chief Executive Officer, CreateTO to request the necessary City of Toronto authorities to execute the amended Agreements and such other documents as may be necessary to finalize the arrangement with the proponent partners for 5207 Dundas Street W. as described in Confidential Attachment 1.

Subject to approval of this report, CreateTO will collaborate with City legal to make the amendments to the Agreements and prepare for execution of the documents.

Pending rezoning and site plan approvals, the proponent's current schedule is to start site servicing construction in Q3, 2023.

RECOMMENDATIONS

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

1. Approve the approach outlined in Confidential Attachment #1 and the corresponding amendments to the agreements for 5207 Dundas Street West which include the Ground Lease, Project Agreement, and the Contribution Agreement (the "Agreements") and such other terms and conditions deemed appropriate by the Chief Development Officer and Executive Vice President Strategic Asset Management and the Chief Legal Counsel and Corporate Secretary, subject to the necessary City of Toronto approvals.
2. Direct the Chief Executive Officer, CreateTO to request the necessary City of Toronto authorities required to execute the Agreements and such other documents as may be necessary to finalize the arrangement with the proponent partners for 5207 Dundas Street West based on the approach described in Confidential Attachment 1.
3. Direct that the names of the proponents be made public at the discretion of the Chief Executive Officer following execution of the Agreements and that the remainder of the information in Confidential Attachment 1 to this report remain confidential as it deals with a proposed or pending disposition of land by 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 project 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 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 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 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 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 6 additional 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>

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 Block 1 (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.

<https://www.toronto.ca/legdocs/bylaws/2021/law0825.pdf>

On April 14, 2022, the CreateTO Board of Directors approved RA30.5, "Housing Now - Selection of Proponent for Bloor-Kipling (Six Points), Block 1 (5207 Dundas Street West)" and selected the proponent for 5207 Dundas Street W. and directed CreateTO to report back to the Board of Directors, when management has finalized the Agreements with the proponent, for approval of the Agreements. 3

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.RA30.5>

On May 17, 2022, the CreateTO Board of Directors approved RA31.3, "Housing Now - Approval of Negotiated Documents for Bloor-Kipling (Six Points), Block 1 (5207 Dundas Street West) and approved the negotiated agreements which includes the Ground Lease, the Project Agreement and the Contribution Agreement (the "Agreements").

<https://secure.toronto.ca/council/agenda-item.do?item=2022.RA31.3>

COMMENTS

On April 14, 2022, CreateTO approved the proponent selection for the development of the Housing Now, Bloor-Kipling Block 1 (5207 Dundas Street West) site. On May 17, 2022, CreateTO approved the terms and conditions for the negotiated Agreements.

The proponent has diligently advanced their Site Plan application and met the following key milestones with positive outcomes:

- Design Review Panel, September 17, 2022
- Site Plan Application submission September 2022
- Site Plan Public Meeting, December 13, 2022.

As the proponent continued to advance their site plan application to meet the scheduled site servicing construction start in Q2, 2023, several economic factors have impacted the development's economic profile. In September 2022, the proponent approached CreateTO to resolve these issues to maintain the project's schedule and the delivery of affordable housing. The approach to resolving these issues is outlined in Confidential Attachment #1.

City Planning and the Housing Secretariat will be seeking the required authorities to implement this approach at the City's Planning and Housing Committee scheduled for April 17, 2023.

CreateTO and City staff are working with the proponent to amend the Agreements which are consistent with the approach outlined in Confidential Attachment #1. The proponent continues to advance the necessary planning approvals to start site servicing construction in Q3, 2023.

City Building Components

The proponent will continue to provide a wide range of City building components as approved by the CreateTO Board of Directors, ItemRA31.3, "Housing Now - Approval of Negotiated Documents for Bloor-Kipling (Six Points), Block 1 (5207 Dundas Street West). These City building components include requirements as set out in the Market Offering, and some proposed by the proponent which are in addition to the market offering, which include:

- A 100% rental development with 30% affordable housing and 70% market rental units;
- Exceeding the Housing Now Affordable Housing unit target by 20 units, providing a total of 217 new affordable rental units;
- Annual increases in rent for in-situ market tenants not to exceed the Provincial guideline plus two percent;
- Exceeding the minimum Toronto Green Standard Version 3 Tier 2 with implementation of Version 3, Tier 4 and near net zero; and,
- Housing supports through Non for Profit ("NFP") Partners and proponent led programs will be provided.

In addition to the above, the project will continue to deliver other city building components, including:

- A unique built form that complements the new Bloor-Kipling (Six Points) road network and provides comfortable pedestrian and open space conditions;
- Publicly accessible open space on the development block that will provide community amenity space and connections to the broader Bloor-Kipling (Six Points) Area open space network;
- Retail at grade providing active street frontages and services to residents;
- In addition to meeting the Affordable Housing Design Guidelines, there will be a minimum of 20% accessible affordable rental units and 15% accessible market rental units, and all common areas shall be fully barrier-free in accordance with the AODA requirements;
- Affordable units and associated building facilities be provided to the same standard of construction and finish as market units; and
- Connecting to the district energy plant, to be located at the new Etobicoke Civic Centre (Block 4), which will provide a sustainable energy source and enable the development to contribute to the reduction of greenhouse gas emissions and achieve near net zero carbon emissions.

The proponent will continue to work with the City to develop and implement a Community Benefits Plan for local/diverse hiring commitments and social procurement commitments.

Block 1, at 5207 Dundas Street West, is the first of five Housing Now blocks at the Bloor-Kipling (Six Points) area that will contribute to the creation of a resilient, complete community providing, mixed use, mixed income housing to be serviced by a sustainable energy source contributing to the reduction of greenhouse gas emissions, located in Housing Now-Approval of Renegotiated Document for Bloor-Kipling (Six Points), Block 1 (5207 Dundas Street West)

close proximity to the Kipling Transit Hub. The renegotiated approach outlined in Confidential Attachment #1, and put forward for approval, incorporate all the above City benefits and will secure them for the term of the 99 Land Lease.

Next Steps

CreateTO will work with the proponent to amend the Agreements and the proponent will continue to advance the planning approvals to meet the scheduled start of site servicing construction in Q3, 2023 after which building construction can commence.

The proposed approach outlined in Confidential Attachment #1, will support the continued advancement of this project and the City's HousingTO 2020-2030 Action Plan targets. It will provide a range of new housing, including much-needed affordable housing within a new complete community.

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SIGNATURE

Vic Gupta
Chief Executive Officer

ATTACHMENTS

Confidential Attachment 1: Bloor-Kipling (Six Points) Block 1 (5207 Dundas Street West) Business Case Summary