

Housing Now - Approval of Renegotiated Documents for 50 Wilson Heights Boulevard

Date: March 14, 2023

To: Board of Directors, CreateTO

From: Chief Executive Officer

Wards: 6

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

Located at the northwest corner of Wilson Avenue and Wilson Heights Boulevard directly adjacent to the Wilson subway station, this Phase 1 Housing Now site was released to the market for a developer partner in the fall of 2019.

Currently a TTC commuter parking lot, CreateTO had successfully led the re-zoning of the property obtaining approvals in February 2020 to allow for approximately 1,484 residential units, a child care, community use space, a public park, a new public road, retail and office space.

Following completion of the market offering process in January 2020, the successful proponents, Greenwin Holdings Inc. and Tridel Builders Inc. (the 'Proponent') executed the Ground Lease term sheet as well as the Freehold Transfer term sheet on August 31, 2020.

On October 31, 2020 the due diligence period for the transaction had expired with Greenwin and Tridel waiving conditions to firm up the transaction.

On December 4, 2020, the CreateTO Board of Directors adopted Item RA19.7 and approved negotiated agreements which included the Ground Lease, Agreements of Purchase and Sale, Project Agreement, Development Agreement and the Contribution Agreement (the "Agreements").

In January 2021 senior City management approved entering into signed Agreements with Greenwin Holdings Inc. and Tridel Builders Inc.

On September 17, 2021 the Agreements were executed by both the City of Toronto and the Proponents however the Agreements are still conditional on satisfactory financing.

While the Proponent has been diligently advancing their subdivision approvals and site plan applications, significant cost inflation in construction and financing since 2021 have substantially reduced the proponent's projected returns from the original proposal. Throughout 2022, Greenwin, Tridel, CreateTO and the Housing Secretariat have been in discussions on how to overcome these obstacles in order to start construction and deliver a substantial amount of affordable rental housing units along with other City building contributions at this site. These obstacles and an approach to resolve these issues are outlined in Confidential Attachment #1. This approach has been approved by Executive Director, Housing Secretariat and senior City Management.

The proposed amendments to the original terms as outlined in Confidential Attachment #1 have also been reviewed and discussed with the fairness monitor who oversaw the original market offering process. The fairness monitor was in agreement with the rationale for offering the additional financial supports due to the current market pressures which has changed the dynamics of this project. The fairness monitor concluded that there were no fairness concerns with amending the original terms due to these factors.

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 383 affordable rental housing units within the first phase of development. Approximately 520 affordable rental units will be provided at project completion.

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 necessary amendments to the Agreements and any other such documents as may be necessary to finalize the arrangement with the proponent partners for 50 Wilson Heights as described in Confidential Attachment 1.

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

Pending planning approvals, the current schedule is to start site servicing construction in Q4 2023.

RECOMMENDATIONS

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

1. Approve the approach outlined in Confidential Attachment #1 and authorize the Chief Executive Officer, CreateTO to negotiate the implementing amendments to the agreements for 50 Wilson Heights which include the Ground Lease, Agreements of Purchase and Sale, Project Agreement, Development Agreement and the Contribution Agreement (the "Agreements") and such other terms and conditions deemed appropriate by the Chief Development Officer and Executive Vice-President, 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 amendments to the Agreements and such other documents as may be necessary to finalize the arrangement with the Proponent partners for 50 Wilson Heights Boulevard based on the approach described in Confidential Attachment 1.
3. Direct that the Confidential Attachment 1 to this report remain confidential in its entirety as it contains information that relates to and deals with a pending disposition of land by the Board of Directors of CreateTO and the City.

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 January 27, 2020, the CreateTO Board of Directors adopted CreateTO staff recommendations to authorize Management's recommendations authorizing negotiations of land leases and purchase and sale agreements with the preferred proponents for 50 Wilson Heights Boulevard and 777 Victoria Park Avenue.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.RA10.2>

On February 12, 2020, the Planning and Housing Committee recommended that City Council amend the Zoning By-law and approve the Draft Plan of Subdivision application for 50 Wilson Heights Boulevard.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH13.1>

On February 26, 2020, City Council adopted PH13.1 "Housing Now - 50 Wilson Heights Boulevard - Zoning Amendment and Draft Plan of Subdivision - Final Report", which approved the Zoning By-law Amendment and approval of the Draft Plan of Subdivision for 50 Wilson Heights Boulevard.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.PH13.1>

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 December 4, 2020, the CreateTO Board of Directors approved RA19.7, "Housing Now - Approval of Agreements for 50 Wilson Heights Boulevard" The approved negotiated agreements included the Ground Lease, Purchase Agreements, Contribution Agreement, Project Agreement and the Development Agreement (the "Agreements").

<https://secure.toronto.ca/council/agenda-item.do?item=2020.RA19.7>

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>

COMMENTS

On January 27, 2020 the CreateTO Board approved the proponent selection for the development of the Phase 1 Housing Now site located at 50 Wilson Heights Boulevard.

On August 31, 2020 the successful developer Proponent executed the Housing Now Ground Lease Term sheet and Freehold Transfer Term sheet.

The proponent has diligently advanced their Subdivision approvals and Site Plan applications and met the following key milestones:

- Subdivision first submission - Q1 2021
- Design Review Panel for the Site Plan Applications - September 15, 2022
- Site Plan Application submissions - December 2022

As the proponent continued to advance their planning approvals in order to commence site servicing, several economic factors and market conditions have impacted the development's economic profile. 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 the approach outlined in Confidential Attachment #1 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 approvals to start site servicing construction in Q4 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, Item RA10.2, "Housing Now - Results of Marketing Process for 50 Wilson Heights Boulevard, 705 Warden Ave. and 777 Victoria Park Ave.". 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. They include:

- A mixed-use development with 70% rental units (50% of the rental units being affordable rental housing) and 30% market condominium units;
- 20% of the affordable rental units will be deeply affordable having rents set at 40% of average market rent;
- A minimum of 25 Affordable Rental units will be made available to be occupied by tenants referred from non-profit partners;
- Annual increases in rent for in-situ market rental tenants not to exceed CPI plus one percent; and
- Achieving Toronto Green Standard Version 3 Tier 2 and a minimum 25% decrease in energy consumption and Greenhouse Gas emissions over the most recent national building and energy codes.

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

- A centrally located 0.75 acre Public Park
- Publicly accessible open space on the development block that will provide community amenity space and connections to the TTC Wilson Station entrance, the broader community and open space network;
- Provision of approximately 40,000 square feet of office space;
- Retail at grade providing active street frontages and services to residents;
- 10% accessible rental units, and all common areas shall be fully barrier-free in accordance with the AODA requirements;
- Provision of a 62-space non-profit childcare facility;
- Provision of approximately 10,000 square feet of community use space for nominal rent to be provided to non-profit agencies;
- Affordable rental units and associated building facilities will be provided to the same standard of construction and finish as market rental units; and

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

50 Wilson Heights Boulevard is one of the Phase 1 Housing Now sites and with the proposed renegotiated approach outlined in Confidential Attachment #1 is scheduled to be one of the first Housing Now sites to start construction.

The renegotiated approach put forward for approval will continue to incorporate all of the City benefits listed above and will secure them for the term of the 99-year 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 Q4 2023 after which building construction can commence in Q1 2024.

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 for a range of new housing, including much-needed affordable rental housing within a new complete community which will include a new 62 space non-profit childcare facility, 920 square metre community facility space for non-profits, retail space, a public park, and enhanced public realm.

CONTACT

Jason Chen, Director, Development, CreateTO, (416) 981-3625, jchen@createto.ca

Don Logie, Chief Development Officer, and Executive Vice President, Asset Management, CreateTO, (416) 981-2896, dlogie@createto.ca

Valesa Faria, Director, Housing Policy & Strategy, Housing Secretariat, City of Toronto, (416) 392-0602, valesa.faria@toronto.ca

SIGNATURE

Vic Gupta
Chief Executive Officer

ATTACHMENTS

Confidential Attachment 1: 50 Wilson Heights - Business Case Summary
Attachment 1: 50 Wilson Heights Boulevard Timeline
Attachment 2: 50 Wilson Heights Boulevard Development Concept

Attachment 1: 50 Wilson Heights Boulevard Timeline

Site	Execution of Agreements	Planning Approvals		Site Servicing Construction Start	Project First Occupancy
		Site Plan Application	Subdivision Approvals		
50 Wilson Heights Boulevard	<i>September 2021</i>	<i>December 2021</i>	<i>Q3 2023</i>	<i>Q4 2023</i>	<i>Q2 2026</i>

Attachment 2: 50 Wilson Heights Boulevard Development Concept

Figure 1: Concept Plan



Figure 2: Site Plan

