

Housing Now Progress Update

Date: April 5, 2023

To: Board of Directors, CreateTO

From: Chief Executive Officer

Wards: All

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 receive this report for information.

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.

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 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>

On December 14, 2022, City Council directed the City Manager to develop a Housing Action Plan for the 2022-2026 term of Council. The Plan includes a range of actions to increase the supply of housing, including reviewing delivery targets for Housing Now sites.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.CC2.1>

COMMENTS

Progress since the March 27, 2023, Board Meeting

Since the March 27, 2023, Board meeting, progress has been made to advance the Housing Now Initiative, as outlined in 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

Renegotiated agreements with the successful developer proponents were approved by the Board of Directors on March 27, 2023. 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, a park 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 remains targeted for Q4 2023 following completion of the Westgate sewer which is now under construction and approval by Council of the renegotiated agreements. Project risks include confirmation of acceptable CMHC financing.

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

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. The proponent team, led by Missanabie Cree First Nation and EllisDon Community Builders, successfully advanced a final submission to

the Design Review Panel on February 16, 2023. 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 Q4 2023 pending completion of Hydro One technical review and authorization by Infrastructure Ontario.

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 renegotiated agreements for Block 1 with the Selected Proponents, Kilmer Group and Tricon Residential (KT), were approved by the CreateTO Board of Directors on March 27, 2023. 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 City-initiated zoning by-law amendment to increase total density from 644 to 725 dwelling units will be considered at the April 27th meeting of the Planning and Housing Committee. If the Block 1 renegotiated agreements and the zoning by-law amendment are approved by Council in May, construction is expected to start by summer. Current risks to the project include confirmation of acceptable CMHC financing.

A rezoning submission for Blocks 3,6,7 is targeted for Q4 2023.

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 Q4 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 by Q2 2023.

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 Licencing 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. A zoning submission that was previously targeted for Q2 2023 has been delayed based on ongoing coordination with the City of Toronto's 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. A series of design-focused meetings with Metrolinx have been advancing.

1250 Eglinton Avenue West

A first submission to the Design Review Panel was considered on February 16, 2023, with a first zoning submission targeted for this quarter.

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 and final re-zoning submission was filed in Q4 2022. The largest risks to the project are the required relocation of existing site uses (childcare and Toronto Employment & Social Services).

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 14, 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 are expected to be presented to CreateTO's Board of Directors for final approval in this quarter. 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

A first submission to the Design Review Panel was considered on March 9, 2023, with a first zoning submission targeted for this quarter.

2700 Eglinton Avenue West

On May 11, 2022, City Council adopted GL30.16 to explore various sites, including 2700 Eglinton Avenue West, as part of the Mount Dennis Campus Opportunity Review exercise. A report back to the Board of Directors on this opportunity is currently targeted for Q3 2023.

4040 Lawrence Avenue East

Preliminary due diligence is currently underway with the project team advancing a Community Design Initiative, in consultation with the East Scarborough Storefront and the local Councillor. 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

Parkdale Hub

Concept massing for Parkdale Hub has been endorsed by the Design Review Panel, with a partial final zoning submission filed on March 17, 2023. Due diligence work for additional property acquisition at Parkdale Hub was also launched in Q4 2022, with the transaction expected to close by Q3 2023. Community engagement on the zoning concept in 2023 has included two “pop-up” community engagement events, and a community consultation meeting. A Committee of Adjustment hearing required to support the off-site parking requirements for the Parkdale Hub was considered on April 5th. The Parkdale Hub site is anticipated to be formally included as part of the Housing Now initiative via the 2023 Housing Now Annual Update Report.

2023 Housing Now Annual Update Report

On April 27, 2023, the Planning and Housing Committee will consider the Housing Now Annual Update Report. This report will include recommended policy and program updates that respond to the recent substantial cost and interest rate increases and introduce more flexibility and sustainability for the Housing Now initiative, including but not limited to:

- Taking a site-by-site versus program-wide approach as land value and rents are different across the city, impacting project viability
- Planning considerations which optimize density, along with flexibility in the percentage of market rental housing versus condominiums based on local market conditions
- Expedited planning review and approvals, including potential Community Infrastructure and Housing Accelerator tool and new Development & Growth ‘rental housing review’ team.
- Federal Government actions/requests, including:
 - For RCFI loans, reducing the minimum debt service coverage ratio for the residential component
 - For RCFI loans, offer an additional term renewal for an expanded potential loan term
 - For both the Co-investment Fund and RCFI loans, reduce the mortgage stress spread over the 10-year Government of Canada Bonds
 - For both the Co-Investment Fund and RCFI loans, use projected stabilized net operating incomes (based on market and affordable rent growth) for projects when calculating supportable debt
 - Lock in interest rate at the earlier of executed copy of the commitment letter or conditional construction permit by proponent
 - For non-profit projects, reduce the security/collateral required in order to make the programs accessible and to help building capacity in the sector
 - From the start of construction, permit monthly loan draws equal to the amounts of monthly equity paid into the project by the proponent subject to receipt of a satisfactory guarantee

- Develop a grant allocation mechanism for CMHC programs which reflect geographic-specific land and construction costs relative to market rents and housing needs
- Remove the nationwide per door maximum grant contribution of \$25,000 under the Co-Investment Fund, and consider expanding grants per residential unit in Toronto and similar urban areas, reflective of higher cost of building and to support project viability

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 debt financing and appropriate loan to cost ratios of the CMHC Rental Construction Financing Initiative;
- Volatility in 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