

## **Housing Now - Approval of Negotiated Term Sheets for 2444 Eglinton Avenue East**

**Date:** March 31, 2023

**To:** Board of Directors, CreateTO

**From:** Chief Executive Officer

**Wards:** 21

### **REASON FOR CONFIDENTIAL INFORMATION**

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

### **SUMMARY**

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This report recommends that the CreateTO Board of Directors approve the negotiated Term Sheet for 2444 Eglinton Avenue East (the "Term Sheet").

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 advance entering into a Ground Lease, Purchase Agreement and Contribution Agreement (the "Agreements") and such other documents as may be necessary in order to finalize the arrangement with the developer partners for 2444 Eglinton Avenue East as described in Confidential Attachment 1.

Upon approval of the Term Sheet, the developer partners will advance their due diligence of the site with a target to submit a re-zoning application in Q4 2023.

This site was selected by the CreateTO Board on December 4, 2020 to proceed as the pilot site to test going to market prior to zoning being in place and approved.

A reference concept plan was prepared by CreateTO and endorsed by City staff prior to the market offering process and the developer partners' proposed development concept is generally in keeping with this original reference concept plan.

Subject to approval of this report, the proponent, CreateTO and the Housing Secretariat will work on further advancing discussions with CMHC on funding opportunities available to support this Housing Now development along with commencing with drafting of the Agreements based substantially on the approved Term Sheets.

## **RECOMMENDATIONS**

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

1. Approve the Term Sheet and Memorandum of Understanding for 2444 Eglinton Avenue East (the "Term Sheet") based substantially on the terms and conditions set out in Confidential Attachment 1, 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. Authorize the Chief Executive Officer and the Chief Legal Counsel & Corporate Secretary to execute the Memorandum of Understanding based substantially on the terms and conditions set out in Confidential Attachment 1, 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.
3. Direct the Chief Executive Officer to report back to the Board of Directors for approval when management has finalized the outstanding portions of the business case as identified under the heading 'Project Affordability' in Confidential Attachment 1.
4. Direct the Chief Executive Officer, CreateTO, in collaboration with the Executive Director, Housing Secretariat and the City Solicitor, to negotiate and, subject to approval by the Board of Directors of the outstanding portions of the business case, to recommend to the City for execution the transaction agreements, including a ground lease, purchase and sale agreement, and contribution agreement, and such other documents as may be necessary to finalize the arrangements with the proponent for 2444 Eglinton Avenue East (the "Agreements"), substantially on the terms set out in Confidential Attachment 1 and the approved business case, 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.
5. Direct that the names of the developer partners 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 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/or the City.

## **FINANCIAL IMPACT**

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There is no additional financial impact to CreateTO arising out of 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.

A summary of the Term Sheets is included in Confidential Attachment 1.

## **EQUITY IMPACT STATEMENT**

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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**

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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/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 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 March 8, 2021, the CreateTO Board of Directors adopted RA21.6 "Housing Now Business Case for 2444 Eglinton Avenue East" and directed CreateTO management to proceed to market with the site in the second quarter of 2021.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.RA21.6>

On May 17, 2022, the CreateTO Board of Directors adopted RA31.2 - "Housing Now Progress - Update" which provided an update on the market offering process and next steps.

<https://secure.toronto.ca/council/agenda-item.do?item=2022.RA31.2>

## COMMENTS

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2444 Eglinton Avenue East is a 2.8-acre Phase 2 Housing Now site located north of Eglinton Avenue East and east of Kennedy Road. This site is directly adjacent to the Kennedy Mobility Hub, which includes Kennedy subway station, Kennedy GO station, Kennedy station bus terminal, future Eglinton Crosstown LRT Station, and the future Scarborough Subway expansion station.

Currently the site is occupied by a TTC commuter parking lot and a small one storey former commercial building.

In December 2020, CreateTO staff commenced its due diligence of the site by preparing a reference concept plan for the site which included 929 residential units, community use space, and enhanced public realm with proposed outdoor open spaces (see Attachment 2). This plan was endorsed by City staff in order to advance the development and market offering process.

A Community Consultation meeting was held to discuss the reference concept plan prepared by CreateTO and supported by staff on April 13, 2021. Subsequent Working Group meetings were held with community members who had a particular interest in the development on June 28, 2021 and September 8, 2021.

Further community consultation will occur once the developer proponents are confirmed and submit their formal re-zoning application to the City.

Although the re-zoning application will be led by the developer proponents instead of CreateTO, it will follow a similar process with respect to having an expedited process that will be run through the City's Strategic Initiatives, Policy and Analysis (SIPA) division.

On October 14, 2021, CBRE, on behalf of the Housing Secretariat and CreateTO, launched a market offering process for the site.

Bids were received on December 14, 2021, and under the direction of a fairness monitor, bids were reviewed, scored, and shortlisted by the selection committee consisting of CreateTO staff and staff from the City's Housing Secretariat. In accordance with the Confidential Information Memorandum, 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. CreateTO has since negotiated term sheets containing the major business terms with the preferred proponent.

Starting in Q3 2022, CreateTO have been working with the proponents to finalize a Term Sheet based on the proponent submission to the market offering.

### **City Building Components**

The final proposed development will provide a wide range of City-building components, some of which were part of the requirements as set out in the Market Offering, and some of which are in addition to the market offering, as proposed by the developer:

- Providing at total of 612 (67 per cent) non-profit co-operative rental housing units with 50 per cent of the co-operative rental housing units being affordable rental.
- It is intended that being a non-profit rental housing co-operative, that 100% of the rental units will be affordable in the long term.
- Annual increases in rent for in-situ market tenants not to exceed the Provincial guideline plus two percent.
- Achieving Toronto Green Standard Version 3 Tier 2.

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

- An enhanced public realm that will help connect the site to its surrounding neighbours and the Kennedy Mobility Hub.
- Provide for community amenity space that will support and provide services to the co-operative rental housing tenants.
- In addition to meeting the Affordable Housing Design Guidelines, there will be a minimum of 33 per cent of the affordable rental units and 15 per cent of the market rental units that will satisfy the accessibility standards defined pursuant to AODA requirements.
- Affordable rental units and associated building facilities will be provided to the same standard of construction and finish as market rental units and be mixed in the same buildings.
- Inclusion of a geothermal system.
- Develop a community benefits plan that will achieve a 10 per cent target of 'person year' jobs for net new hiring opportunities and commit that a project procurement dollar value of \$500,000 is procured from local or diversely-owned businesses.

The developer partner will provide additional community benefits to support employment and training initiatives as outlined in Confidential Attachment 1.

2444 Eglinton Avenue East will be one of the largest affordable housing projects in Ontario in the past 25 years and one of the largest co-operative developments the Province has ever seen. This proposal offers precisely the kind of long term, non-profit affordable housing stock so desperately needed, and will significantly move the needle in terms of mixed-tenure development typologies currently in the City.

The creation of a truly sustainable community is central to the vision, being located directly adjacent to four major transportation lines. The complex will be serviced by carbon neutral energy sources and will exceed Tier 2 Version 3 environmental standards contributing to a dramatic reduction of greenhouse gas emissions.

The Term Sheets being put forward for approval incorporate all of the city-building benefits noted above and will secure them for the term of the 99-year Land Lease.

## **Next Steps**

Upon approval of the Term Sheet, the proponents will commence with their due diligence of the site and commence with working on entering into a Ground Lease, Purchase Agreement and Contribution Agreement based on the approved term sheets. The proponents will work with the City and CreateTO to finalize the business case.

The proponents will also initiate their re-zoning application in order to advance the construction of the development.

The current schedule anticipates the submission of a re-zoning application to City Planning by Q4, 2023. The developer proponents, the City and CreateTO look forward

to advancing this opportunity to provide one of the largest co-op housing projects in decades.

Advancing this project will support the City's HousingTO 2020-2030 Action Plan targets. It will provide a range of new housing, including much-needed co-op rental housing, affordable rental and supportive housing, within a new complete community.

## **CONTACT**

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## **SIGNATURE**

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Vic Gupta  
Chief Executive Officer

## **ATTACHMENTS**

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Attachment 1: 2444 Eglinton Avenue East Draft Timeline  
Attachment 2: 2444 Eglinton Avenue East Development Concept  
Confidential Attachment 1: 2444 Eglinton Avenue East Transaction Terms

## Attachment 1: 2444 Eglinton Avenue East Draft Timeline

Site	Execution of Agreements	Planning Approvals		Site Preparation Construction Start	Project First Occupancy	CMHC Application submission date
		Re-zoning Application submission	Site Plan Application Submission			
<b>2444 Eglinton Avenue East</b>	Q3 2023	Q4 2023	Q1 2024	Q3 2024	Q1 2027	Q3 2023



# Attachment 2: 2444 Eglinton Avenue East Development Concept

Figure 1: Concept Plan

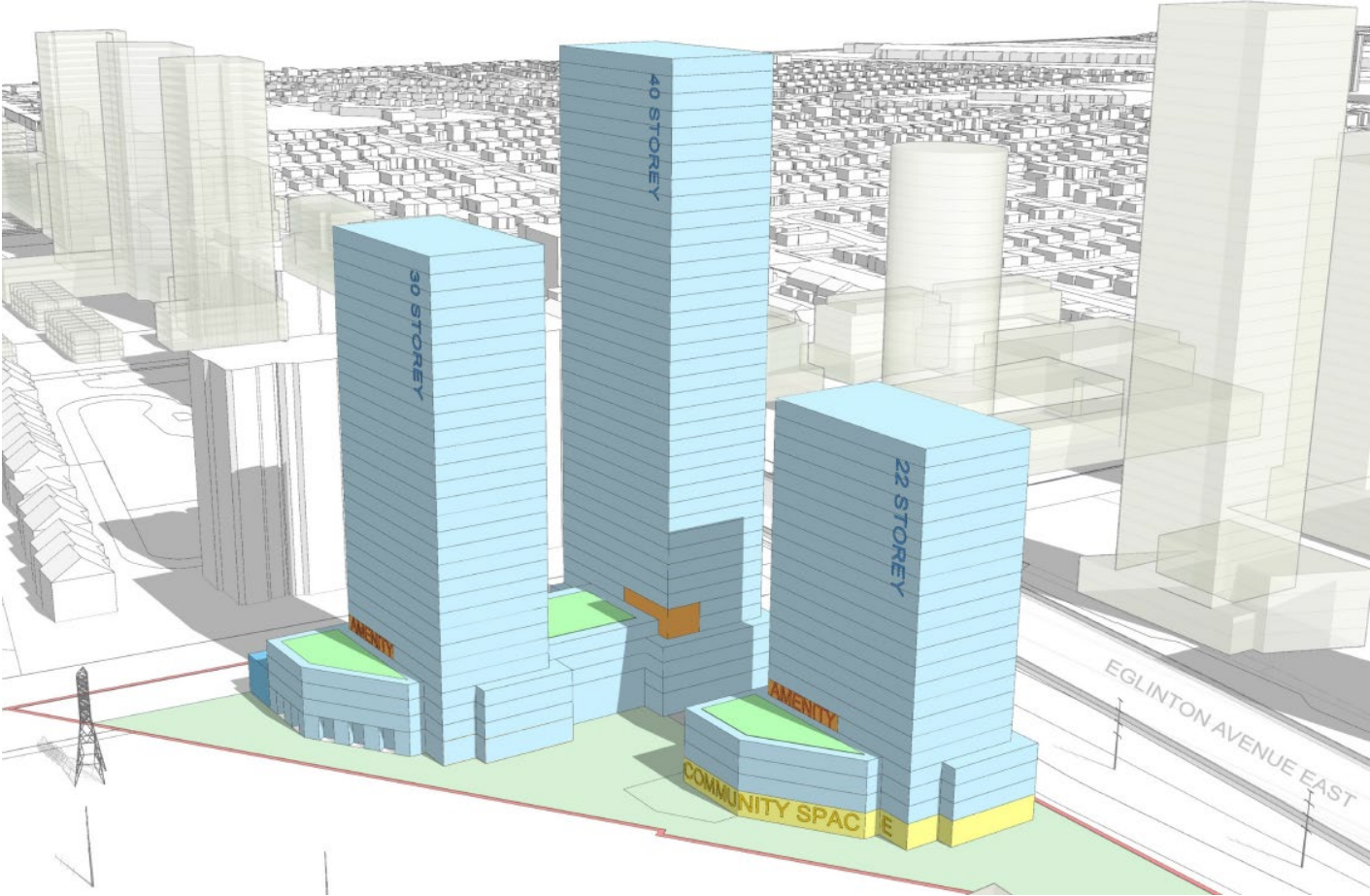


Figure 2: Site Plan

